E/1988/SR.18-42

ECONOMIC AND SOCIAL COUNCIL

OFFICIAL RECORDS, 1988

PLENARY MEETINGS

VOLUME II

Summary records of the plenary meetings
held during the second regular session of 1988

UNITED NATIONS

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New York, 1991

NOTE

The *Official Records of the Economic and Social Council, 1988*, consist of the summary records of *Plenary Meetings* (volumes I and II), incorporating corrections requested by delegations and any necessary editorial modifications, the *Supplements* (Nos. 1-15) and the *Lists of Delegations.*

The present volume contains the summary records of the plenary meetings held by the Council during the second regular session of 1988 (Geneva, 6-29 July and New York, 17 October 1988).

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ABBREVIATIONS

ACABQ	Advisory Committee on Administrative and Budgetary Questions
ACC	Administrative Committee on Co-ordination
AfDB	African Development Bank
ACP	African, Caribbean and Pacific (countries)
AIDS	acquired immuno-deficiency syndrome
ASEAN	Association of South-East Asian Nations
CDP	Committee for Development Planning
CMEA	Council for Mutual Economic Assistance
CPC	Committee for Programme and Co-ordination
ECA	Economic Commission for Africa
ECU	European currency unit
EEC	European Economic Community
ECLAC	Economic Commission for Latin America and the Caribbean
EFTA	European Free Trade Association
ESCAP	Economic and Social Commission for Asia and the Pacific
ESCWA	Economic and Social Commission for Western Asia
FAO	Food and Agriculture Organization of the United Nations
GATT	General Agreement on Tariffs and Trade
GDP	gross domestic product
GNP	gross national product
IBRD	International Bank for Reconstruction and Development (World Bank)
ICC	International Chamber of Commerce
ICFTU	International Confederation of Free Trade Unions
IDA	International Development Association
IFAD	International Fund for Agricultural Development
ILO	International Labour Organisation
IMF	International Monetary Fund
IMO	International Maritime Organization
IPF	indicative planning figures
ITU	International Telecommunication Union
JIU	Joint Inspection Unit
LDCs	least developed countries
OAU	Organization of African Unity
ODA	official development assistance
OECD	Organisation for Economic Co-operation and Development
OPEC	Organization of the Petroleum Exporting Countries
PLO	Palestine Liberation Organization
SDRs	special drawing rights
SWAPO	South West African Peoples' Organization
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNDRO	Office of the United Nations Disaster Relief Co-ordinator
UNEP	United Nations Environment Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNFPA	United Nations Population Fund
UNHCR	Office of the United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
UNIDO	United Nations Industrial Development Organization
UNIFEM	United Nations Development Fund for Women
UNRWA	United Nations Relief and Works Agency for Palestine Refugees in the Near East
WFC	World Food Council
WFP	World Food Programme
WHO	World Health Organization

EXPLANATORY NOTES

A hyphen between years, e.g. 1990-1995, signifies the full period involved, including the beginning and end years.

An oblique stroke between years, e.g. 1980/81, indicates a financial year or a crop year.

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E/1988/17	Report of the Commission on Transnational Corporations on its fourteenth session	8	*Ibid., Supplement No. 7*
E/1988/18	Report of the Executive Board of UNICEF	2	*Ibid., Supplement No. 8*
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E/1988/C.1/L.11	Draft resolution submitted by Tunisia on behalf of the Group of 77: work of the Governing Council of UNEP at its first special session	11	
E/1988/C.3/L.1	Draft resolutions I and IV recommended by the Commission on the Status of Women at its thirty-second session: note by the Secretariat	17	
E/1988/C.3/L.2	Afghanistan, Bulgaria, Cuba, Djibouti, Egypt, Ethiopia, German Democratic Republic, Ghana, Guinea, Iran (Islamic Republic of), Iraq, Mozambique, Pakistan, Peru, Sierra Leone, Somalia, Sudan, Syrian Arab Republic, Trinidad and Tobago, Tunisia, Uganda and United Republic of Tanzania: draft resolution	19	
E/1988/C.3/L.3	Assistance for the reconstruction and development of Lebanon—Algeria, Bahrein, Bangladesh, Canada, France, Greece, Iraq, Italy, Japan, Jordan, Kuwait, Lebanon, Libyan Arab Jamahiriya, Morocco, Oman, Qatar, Somalia, Sudan, Syrian Arab Republic, Tunisia and Yugoslavia: draft resolution	15	
E/1988/C.3/L.4	Draft resolution submitted by Tunisia on behalf of the Group of 77: Office of the United Nations Disaster Relief Co-ordinator	15	
E/1988/C.3/L.4/Rev.1	Assistance in cases of natural disaster and other disaster situations—Office of the United Nations Disaster Relief Co-ordinator: revised draft resolution	15	

Document number	*Title or description*	*Agenda item*	*Observations and references*
E/1988/C.3/L.5	Assistance to the Palestinian people—Afghanistan, Algeria, Bangladesh, Democratic Yemen, Egypt, German Democratic Republic, Iraq, Kuwait, Libyan Arab Jamahiriya, Morocco, Pakistan, Saudi Arabia, Somalia, Sudan, Syrian Arab Republic, Tunisia, Yemen and Zimbabwe: draft resolution	19	
E/1988/C.3/L.6	Consumer protection—Australia, Canada, Egypt, Germany, Federal Republic of, Greece, India, Japan, Netherlands, Norway, Pakistan, Somalia, Spain and United Kingdom of Great Britain and Northern Ireland: draft resolution	17	
E/1988/C.3/L.7	Report of the CPC on the work of its twenty-eighth session—Trinidad and Tobago: draft resolution	17	
E/1988/C.3/L.8	Consumer protection—programme budget implications of the draft resolution contained in document E/1988/C.3/L.6: statement submitted by the Secretary-General in accordance with rule 31 of the rules of procedure of the Council	17	
E/1988/C.3/L.9	Draft decision submitted by Tunisia on behalf of the Group of 77: meeting arrangements for the Governing Council of UNDP and its subsidiary bodies	16	
E/1988/C.3/L.10	United Nations assistance programmes to Afghanistan—Afghanistan, Australia, Belgium, Canada, Denmark, Finland, France, German Democratic Republic, Greece, India, Iran (Islamic Republic of), Ireland, Japan, Norway, Pakistan, Portugal, Spain, Sweden, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland and United States of America: draft resolution	15	
E/1988/C.3/L.11	Guidelines for international decades: draft resolution submitted by the Chairman	17	
E/1988/C.3/L.12	Joint meetings of CPC and ACC—Australia, Canada, China, German Democratic Republic, Italy, Japan, Norway, Tunisia and United States of America: draft resolution	17	
E/1988/C.3/L.13	Assistance to the Palestinian people—programme budget implications of draft resolution E/1988/C.3/L.5: statement submitted by the Secretary-General in accordance with rule 31 of the rules of procedure of the Council	19	
E/1988/C.3/L.14	Draft decision submitted by the Chairman of the Committee	16	
E/ESCWA/88/1/Rev.1	Report of the Executive Secretary of ESCWA for the period April 1987-April 1988	2	
E/1988/INF.7	List of delegations to the second regular session of 1988 of the Council		
E/1988/L.27	State of preparedness of documentation for the session: note by the Secretariat	1	
E/1988/L.29	International co-operation to integrate women in development—Canada: draft decision	17	
E/1988/L.31	Extract from the report of the Governing Council of UNDP on its organizational meeting for 1988, its special session and its thirty-fifth session	2 and 16	
E/1988/L.32	Inclusion of Mozambique in the list of the least developed countries: draft decision submitted by the President	2	
E/1988/L.33	Economic aspects of women in development—Bulgaria, Canada, Greece and Nigeria: draft resolution	2	
E/1988/L.33/Rev.1	—— [*same sponsors*] and Poland: revised draft resolution	2	
E/1988/L.34	Confidence-building in international economic relations—Poland: draft resolution	2	
E/1988/L.35	Overall socio-economic perspective of the world economy to the year 2000—Poland: draft resolution	2	
E/1988/L.36	Arrangements for the mid-term review and appraisal of the United Nations Programme of Action for African Economic Recovery and Development 1986-1990: draft decision submitted by the Vice-President on the basis of informal consultations	4	
E/1988/L.36/Rev.1	——: revised draft decision	4	
E/1988/L.37	——:—programme budget implications of draft decision E/1988/L.36: statement submitted by the Secretary-General in accordance with rule 31 of the rules of procedure of the Council	4	

Document number	*Title or description*	*Agenda item*	*Observations and references*
E/1988/L.38	Early warning of emerging problems in the world economy—Bulgaria, Byelorussian Soviet Socialist Republic, German Democratic Republic, Mongolia, Poland and Union of Soviet Socialist Republics: draft resolution	2	
E/1988/L.38/Rev.1	Early identification of world economic developments—[*same sponsors*]: revised draft resolution	2	
E/1988/L.39	Draft decision submitted by Tunisia on behalf of the Group of 77: net transfer of resources from developing to developed countries	2	
E/1988/L.40	Entrepreneurship in economic development—Canada, Germany, Federal Republic of, United Kingdom of Great Britain and Northern Ireland and United States of America: draft resolution	2	
E/1988/L.40/ Rev.1 and 2	National entrepreneurship in economic development—Canada, Japan, United Kingdom of Great Britain and Northern Ireland and United States of America: revised draft resolutions	2	
E/1988/L.41	Conference of plenipotentiaries for the adoption of a convention against illicit traffic in narcotic drugs and psychotropic substances: holding of pre-conference consultations	1	
E/1988/L.42	Draft decision submitted by Tunisia on behalf of the Group of 77: reactivation of economic growth and development in developing countries	2	
E/1988/L.43	Prevention and control of acquired immuno-deficiency syndrome (AIDS)—Australia, Austria, Belgium, Bulgaria, Canada, Colombia, Cuba, Denmark, Finland, France, Greece, German Democratic Republic, Germany, Federal Republic of, Greece, Ireland, Italy, Jamaica, Japan, Netherlands, Norway, Pakistan, Peru, Poland, Portugal, Rwanda, Spain, Sweden, Uganda, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, Uruguay, Venezuela and Zaire: draft resolution	17	
E/1988/L.44	Israeli economic practices in the occupied Palestinian and Arab territories—Bulgaria, German Democratic Republic, Iran, (Islamic Republic of), Iraq, Libyan Arab Jamahiriya, Oman, Pakistan, Saudi Arabia, Somalia, Sudan and Syrian Arab Republic: draft resolution	6	
E/1988/L.45	Draft resolution submitted by Tunisia on behalf of the Group of 77: revitalization of the Economic and Social Council	3	
E/1988/L.45/Rev.1	———: revised draft resolution	3	
E/1988/L.46	Draft decision submitted by Tunisia on behalf of the Group of 77: report of the Special Commission of the Economic and Social Council on the In-Depth Study of the United Nations Intergovernmental Structure and Functions in the Economic and Social Fields	3	
E/1988/L.47	Draft resolution, submitted by Tunisia on behalf of the Group of 77	5	
E/1988/L.48	Egypt, German Democratic Republic, Iraq, Libyan Arab Jamahiriya, Morocco, Pakistan, Saudi Arabia, Sudan, Syrian Arab Republic, Tunisia and Zimbabwe: amendment to draft resolution II recommended by the Third (Programme and Co-ordination) Committee in paragraph 14 of its report E/1988/107	19	
E/1988/L.49	Reform of the intergovernmental structure and functions in the economic and social fields, including the functioning of the Economic and Social Council—Belgium, France, Germany, Federal Republic of, Greece, Ireland, Luxembourg, Netherlands, Portugal, Spain, United Kingdom of Great Britain and Northern Ireland and United States of America: draft resolution	3	
E/1988/L.50	Early identification of world economic developments: draft resolution submitted by the Vice-President of the Council on the basis of informal consultations held on draft resolution E/1988/L.38/Rev.1	2	
E/1988/L.51	Report by the Secretary-General on an overall socio-economic perspective of the world economy to the year 2000: draft decision submitted by the Vice-President of the Council on the basis of informal consultations held on draft resolution E/1988/L.35	2	
E/1988/L.52	Confidence-building in international economic relations: draft decision submitted by the Vice-President of the Council on the basis of informal consultations held on draft resolution E/1988/L.34	2	
E/1988/L.53	Draft resolution submitted by the Vice-President of the Council on the basis of informal consultations held on draft resolution E/1988/L.47	5	

Document number	*Title or description*	*Agenda item*	*Observations and references*
E/1988/L.54	Calendar of conferences and meetings: note by the Secretary-General	1	
E/1988/NGO/4	Written statement submitted by the World Federation of United Nations Associations, a non-governmental organization in consultative status, category I	2	
E/1988/NGO/5	Written statement submitted by the Inter-Parliamentary Union, a non-governmental organization in consultative status, category I	2	
E/1988/SR.18-42	Provisional summary records of the plenary meetings held by the Economic and Social Council during its second regular session of 1988		The final text of the summary records is contained in the present volume

ECONOMIC AND SOCIAL COUNCIL

SECOND REGULAR SESSION OF 1988

Summary records of the 18th to 41st plenary meetings, held at the Palais des Nations, Geneva, from 6 to 29 July 1988

18th meeting

Wednesday, 6 July 1988, at 3.18 p.m.

President: Mr. Andrés AGUILAR (Venezuela)

E/1988/SR.18

Opening of the session

1. The PRESIDENT declared open the second regular session of the Economic and Social Council for 1988.

Statement by the President of the Economic and Social Council

2. The PRESIDENT said that in 1988, the penultimate year of the current decade, a great part of mankind was even poorer in real terms than it had been 10 years earlier and prosperity was confined to only a few countries. If the situation was to be remedied before the end of the century, concerted political action was imperative.

3. It was appropriate that the Council would be giving priority consideration to the question of the multilateral response to structural imbalances in the world economy, particularly in the light of their impact on the development of developing countries. Major imbalances between the industrialized countries continued to exist and new uncertainties had been added to the crisis situation in 1987, for example, the instability of financial and stock markets, with their repercussions on exchange and interest rates. Those contradictions in the economic situation compounded the difficulties of the developing countries and further impeded their drive for growth and development.

4. One of the most serious problems, and one causing grave concern to a considerable number of countries, continued to be external debt, for which, as the *World Economic Survey 1988* (E/1988/50) noted, no solution had been found. Discussion within the United Nations must be intensified with a view to devising a basic strategy acceptable to all. Unfortunately the debt problem was, as the Secretariat had pointed out, becoming increasingly deep-rooted, and what had been thought of as a liquidity problem was coming to be regarded as a question of insolvency. The increasing gravity of the situation was reflected in the net transfer of resources from debtor developing countries to their creditors, including IMF. In the case of Latin America and the Caribbean the net transfer of resources between 1982 and 1987 was estimated to have exceeded $147 billion, mainly from the region's four largest economies. The resulting impediment to development explained the disheartening picture in the overwhelming majority of developing countries, as was clear from the penetrating analysis in the *Survey*.

5. In Africa the situation continued to be alarming, with total export earnings in 1987 barely reaching $65 billion, less than the level at the beginning of the decade.

6. In Asia some countries had achieved relatively steady growth, but others continued to face grave difficulties, including a lack of access to markets for their exports, falling commodity prices, population growth and natural disasters.

7. As the *Survey* reported, most of the Latin American economies continued to be in a precarious situation despite the structural reforms adopted in most countries of the region and increased export diversification. "Adjustment fatigue" was exhausting their growth capacity.

8. In the international trade field, growing protectionism in the industrialized countries and external debt, which precluded increased imports from developed countries, were major reasons for the absence of a balanced increase in international trade. Trade imbalances in some of the industrialized countries and persisting tensions between the big world exporters of goods and services also hampered trade. Increased subsidies for the products of industrialized countries, restrictive quotas on the exports of developing countries, and even restrictive and retaliatory legislative measures were further negative factors.

9. The commodity situation was a further matter for grave concern. The Council should reaffirm the importance of the corrective measures agreed at the seventh session of the United Nations Conference on Trade and Development to bring about stable and more predictable conditions, in commodity markets.

10. Encouraging attention was being given to world environmental problems at both the bilateral and multilateral levels, in such areas as the protection of the ozone layer, marine pollution, and desertification and drought. New threats were, however, emerging, year by year, as a result of the destructive impact of man's actions on the environment, one of the most alarming being the heating up of the Earth, which might result in rising sea levels, and changes in rainfall patterns that would affect world agricultural production. An immediate beginning should be made on further measures for environmental control to be agreed internationally within the framework of the United Nations.

11. Over the past year, hope had been raised by a number of peace initiatives, including one in Central America, and by bilateral initiatives and agreements aimed at the reduction and elimination of nuclear weapons, which would promote international peace and also lead to reduced military expenditures. Slowing down or reversing the arms race would enable the developed countries to achieve significant savings, which would improve their balance of payments and increase the prosperity of their peoples, while at the same time freeing resources that could in part be devoted to development.

12. The international development strategy for the forthcoming decade must embody a fresh approach, while maintaining the essential quantitative targets and incorporating criteria adjusted to the new realities of the international economy. In particular, it would have to take into consideration the heavy financial burden borne by the developing countries, which had been added to the already heavy demands made by the development process and would reach a peak in the 1990s. However urgent it was to solve current problems, the strategy would have to be set within the framework of the general objective of reducing the gulf between developing and developed countries and promoting the principle of justice in international economic relations.

13. The critical financial situation of the United Nations, resulting from the failure of some member States to fulfil their legal obligation to pay contributions fixed by the General Assembly in good time, continued to threaten the Organization with paralysis. It was one thing to approve and apply measures to enhance the Organization's efficiency, which might result in substantial savings, but quite another to allow the budget deficit to impose adjustments that impeded efficient operation and could affect essential plans and programmes.

14. In the course of the current session, the Council would consider the report of the Special Commission on the In-depth Study of the United Nations Intergovernmental Structure and Functions in the Economic and Social Fields (E/1988/75). The report would enable the Council to assess the strength and shortcomings of the present structure, although the Special Commission had not succeeded in reaching general agreement. One important issue was the role of the Council. Without prejudice to the role of the General Assembly as the Organization's principal forum, he believed that the Council could and should fulfil its important functions under the Charter at the United Nations. Member States were aware of the reasons why the Council had for a number of years failed to perform those functions fully, particularly the co-ordination of the economic and social activities of the entire system, and the supervision of the work of subsidiary bodies.

15. Members must be prepared to change that situation. It would suffice for Member States to be represented at the highest possible level—including on occasion the ministerial level—and to organize their work in such a way as to avoid the repetition of discussions in subsidiary bodies and to concentrate attention on the functions proper to the Council. Reform would be facilitated if the documentation prepared by the Secretariat was clearly directed to the performance of those functions. The review of the functioning of the Council, at the current session, would provide an opportunity to demonstrate that all were genuinely interested in revitalizing the Council as a major organ.

16. He would be ready to organize consultations and do everything possible to ensure the success of the session.

Statement by the Secretary-General of the United Nations

17. The SECRETARY-GENERAL observed that the past year had been marked by contrasting trends. The industrialized market-economy countries were showing continuous if modest non-inflationary growth, and the stock market crisis had confirmed the financial markets' capacity for resilient response as well as their interdependence. Basic imbalances persisted and were a cause for concern, but individual and collective efforts were being made to reduce them. In the socialist countries of eastern Europe significant restructuring efforts were under way that offered a promise of a resumption of more vigorous growth. Per capita income had increased in most countries in South and East Asia, including the most populous.

18. In stark contrast, the overwhelming majority of African countries and many in Latin America had continued to experience declines in income. The least developed countries as a whole remained frustrated in their development efforts and many found it increasingly difficult to meet the legitimate aspirations of their peoples, with resulting domestic tensions and a heightened risk of social disruption. Indeed, critical poverty had emerged as a central issue even in countries that had experienced some growth.

19. The improving performance of industrial countries should, however, enable them to give increased attention to the problems of the less fortunate. A general easing of international political tensions, marked by unprecedented steps towards nuclear disarmament and progress on regional conflicts, opened up the prospect of devoting more resources to economic growth and human welfare. That opportunity must be seized.

20. For very many countries solution of the debt crisis was the key to resumed development. Debt servicing created impossible burdens and many major debtor countries saw no alternative to unilateral action, which, even if unavoidable, was prejudicial to international financial order and long-term stability.

21. Although new ideas were being discussed and some innovative agreements had been reached, solution of the debt problems of the middle income countries was still far off. Creditor countries should introduce qualitative changes in both approaches and policies, which should aim to achieve a reduction in the volume of debt as well as in debt-servicing requirements. Parallel action was called for by commercial banks and multilateral institutions.

22. Debt relief was only one aspect of the problem. Additional financial flows were also necessary. Commercial bank loans and direct investment were of critical importance as was bilateral and multilateral aid. In that connection recent OECD data, which showed that there had been a decline in overall aid in real terms in 1987, were disappointing. Progress towards more vigorous growth in international trade was another prerequisite for dealing with the debt problem and would also improve development prospects. The pace of trade negotiations should be increased to enable developing countries to benefit from progress on items of export interest to them, such as tropical products, textiles and other manufactures. The momentum already generated in agriculture should be sustained by prompt decisions on trade liberalization and subsidy reduction. Clear-cut modalities should be adopted to implement agreement on standstill and rollback. Governments should do their utmost to achieve positive results at the forthcoming mid-term review of progress in the Uruguay Round of multilateral trade negotiations.

23. The commodity situation was still extremely difficult. Strengthening and liberalization of compensatory financing schemes would be of significant assistance, as would the Common Fund, which was shortly to come into operation. It could, for instance, support research, development and diversification, thus contributing to the long-term transformation of the commodity economy. He and his colleagues in ACC would be undertaking an in-depth study of the commodity problem.

24. The development crisis was nowhere more acute than in Africa, which continued to suffer from an overwhelming debt burden, weak commodity prices and earnings, and a chronic shortage of foreign exchange. During his recent visit he had been deeply disturbed by the obvious signs of falling living standards in Africa but he had also been impressed by the commitment of African Governments to the reforms and adjustments needed to establish a basis for self-sustaining growth. The effort must be maintained with the support of the international community. Such measures as IMF's Enhanced Structural Adjustment Facility, the IDA eighth replenishment, the World Bank co-financing programme, and the increase in the resources of AfDB would expand resource flows to Africa, while the Economic Summit Meeting held at Toronto from 19 to 21 June 1988 had given impetus to additional debt relief measures. Disbursement of the available resources should be speeded up, and as the Advisory Group on Financial Flows for Africa had reported,[1] a significant gap remained to be bridged to back Africa's efforts effectively to resume development and raise living standards. Urgent attention would also have to be given to trade. He hoped that when the General Assembly undertook its mid-term review of the United Nations Programme of Action for African Economic Recovery and Development 1986-1990,[2] Governments would be prepared to undertake real initiatives to accelerate the Programme's implementation.

25. The development of human resources demanded urgent attention, a need that had been highlighted in many international forums, including the regional commissions. Action was, for example, needed to mitigate the social costs of adjustment programmes, by mobilizing resources to maintain government expenditure on social services, particularly for vulnerable groups. The continued existence of acute poverty was a further matter for concern, particularly in Latin America, sub-Saharan Africa and Asia. Economic growth was a necessary condition for attacking poverty, but must be coupled with programmes directed towards the more deprived as well as measures to tackle the issue of income distribution.

26. Programmes to promote education and training, science and technology and popular participation, including that of women, in economic activity should be key elements in development strategies. Many developing countries had implemented policies to encourage indigenous enterprises and greater internal resource mobilization. The initiatives of the developing countries deserved the world community's full support and provided a basis for a mutually reinforcing effort.

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[1] Financing Africa's Recovery: Report and Recommendations of the Advisory Group on Financial Flows for Africa, published by the Department of Information, New York, 1988.

[2] General Assembly resolution S-13/2 of 1 June 1986, annex.

27. The Council had decided to give priority consideration to the question of a multilateral response to structural imbalances in the world economy and, in particular, their impact on the developing countries. In that connection, he noted that the major market countries had established mechanisms for close consultation and co-operation to deal with such problems and the recent Toronto Summit had strengthened the co-ordination mechanism. He was impressed by the stress of the Economic Declaration at the Summit Meeting on the value of such meetings as a means of promoting new ideas and a common sense of purpose.[3] He remained convinced of the need for wider consultation and co-operation at the highest levels. Such meetings—of which the Summit Meeting held at Cancún by Mexico and Brazil on 23 April 1983 was an example—could facilitate exchanges of views and eventually convergence and international co-operation. The complexity of the mechanism need not be feared. World organizations existed to provide the necessary assistance. Nor need it be feared that debate would be fruitless. Procedures could be smoothed out with time and only by exchanging views could concerted action be developed.

28. The Council was to hold a preliminary discussion on the question of a new international development strategy. To be genuinely effective, a new strategy, which could help to renew and reinforce the world community's political commitment to development co-operation, should provide a coherent framework for action through the United Nations system and guide relations between countries and groups of countries. Its preparation should provide an opportunity for active interaction among the international secretariats concerned and policy-makers at national and regional levels.

29. He was more than ever convinced that the United Nations had a central role to play as a forum for harmonizing the actions of nations as called for by the Charter. That meant that Member States should make full use of the Organization's potential and also required a continuing effort to improve the way business was done within the Secretariat and within the intergovernmental bodies.

30. In his statement to the Council in 1987,[4] he had made some suggestions for improving the functioning of intergovernmental machinery and had put forward some ideas in his annual report on the work of the Organization.[5] He was pleased that many of the ideas had received support, especially in the Council's Special Commission on the In-depth Study of the United Nations Intergovernmental Structure and Functions in the Economic and Social Fields. It was regrettable that after the time and effort devoted by Member States and the Secretariat to the Special Commission's work, a consensus had not been achieved on a set of agreed recommendations.

31. The in-depth study had, however, produced much information and analysis which would be of value to Member States and some areas of possible agreement had been identified—for example, the need for a number of restructuring measures, including the possible consolidation and strengthening of some subsidiary bodies. There also seemed to have been a significant convergence of views on important general principles and practical measures to improve United Nations intergovernmental machinery and the required Secretariat support. He trusted that Member States would strive harder for agreement on specific reforms in intergovernmental machinery in the economic and social sectors which could be adopted by the General Assembly at its forty-third session.

32. Secretariat support was essential for the smooth functioning of the intergovernmental machinery. He had noted suggestions made by delegations at the Special Commission in that regard. As the Organization's Chief Administrative Officer, he would continue his efforts to enhance the efficiency of the Secretariat's structure in providing the necessary support to Member States.

33. If the United Nations was to be an effective forum for harmonization of actions, national authorities must show a clear political commitment to seek collective solutions to common problems. To that end, Member States should consider providing high-level representation at some of the meetings. For example, he had previously suggested that the Council might from time to time meet at ministerial level on issues of major importance.

34. He regretted that he must revert to the Organization's extremely difficult financial situation, which he had discussed in some detail in bilateral consultations with Member States. The situation was extremely critical. It had had a disheartening impact on staff morale and had forced senior officials to devote a disproportionate amount of time to crisis management. He urged Member States to fulfil their obligation to pay assessed contributions in full and on time. Without that commitment, the viability of the United Nations could not be ensured.

Election of a Vice-President

35. The PRESIDENT invited the Council to elect a new vice-president from among the African States to fill the vacancy created by the resignation of Mr. Abdillahi Said Osman (Somalia). He understood that following consultations the African States nominated Miss Hampiti F. Nchapi (Lesotho).

Miss Nchapi (Lesotho) was elected Vice-President by acclamation.

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[3] See A/43/435, annex I, para. 4.

[4] See *Official Records of the Economic and Social Council, 1987, Plenary Meetings*, vol. II, 20th meeting (E/1987/SR.20).

[5] *Officials Records of the General Assembly, Forty-second Session, Supplement No. 1* (A/42/1).

ITEM 1 OF THE PROVISIONAL AGENDA

Adoption of the agenda and other organizational matters

36. The PRESIDENT invited comments on the draft decision proposed by Canada (E/1988/L.29). Consideration of the draft had been deferred to the second regular session by decision 1988/151 of 27 May 1988.

37. Mr. LABERGE (Canada) drew attention to the decisions taken at the Council's 1988 organizational session (E/1988/INF.4), in particular the inclusion of an item 7, "Effective mobilization and integration of women in development", for consideration at the second regular session (decision 1988/101, sect. I, para. 2). His delegation proposed that the item be revised to read "International co-operation to integrate women in development" and considered by the First (Economic) Committee at the second regular session. In view of the importance of the topic, as reflected in the Nairobi Forward-looking Strategies for the Advancement of Women,[6] and the desire of certain delegations, including his own, to submit specific proposals, he believed that it should appear as an agenda item on its own. To include it, for example, in agenda item 17, "International co-operation and co-ordination within the United Nations system", would be inappropriate.

38. Mr. KERKINOS (Greece) agreed that the topic deserved to be considered as a separate agenda item.

39. Mr. SHABAN (Egypt) observed that the understanding at the organizational session had been that the Council should wait to receive the report of the Commission on the Status of Women on its thirty-second session (E/1988/15 and Add.1). At the first regular session, it had been proposed that draft resolutions I and IV in that report should be considered by the Council in 1989 but at the request of some delegations, it had been decided to consider them in 1988, on the understanding that the topic would be considered under agenda item 17. Although he sympathized with the Canadian delegation's concern and could agree to consider a possible amendment to the title of the item once it was on the Council's agenda, he did not consider the topic could be properly separated from agenda item 17. In view of the need for system-wide co-ordination, his delegation thought the topic could be better dealt with at a future session, when ample documentation would be available. It was unprecedented to introduce a virtually undocumented subject so early in a session.

40. Mr. LABERGE (Canada) said that draft resolutions I and IV raised technical questions for which the Third (Programme and Co-ordination) Committee would be the appropriate forum. The subject as a whole should, however, be considered as a separate item by the First (Economic) Committee. His delegation insisted on a separate agenda item, since it wished to make a major statement on a topic it deemed highly important. The question of prior documentation was irrelevant.

41. The PRESIDENT took it that the Canadian delegation would agree to the deletion of subparagraph (*c*) of the proposed decision.

42. Mr. EL GHOUAYEL (Observer for Tunisia) said that the Canadian proposal was highly complex and linked to several aspects of the Council's work. He suggested, therefore, that consultations should be held on the proposal before any decision was taken.

43. The PRESIDENT said that apparently the proposal did not meet with general agreement. He asked whether the Canadian delegation insisted on an immediate decision, or would allow time for consultations to make it clear whether agreement could be reached.

44. Mr. LABERGE (Canada) said that the argument that more time was needed to consider the proposal had been used to delay a decision for the past seven months. Canada was always ready to engage in consultations that might result in a compromise. It would agree to informal consultations, therefore, provided they were not used as a device to postpone a decision until the end of the session. His delegation would agree to a brief period of consultations with a definite time-limit.

45. Mr. KORN (United States of America) supported the Canadian proposal and urged that it should be given immediate consideration.

46. Mr. DASGUPTA (India) said that his delegation felt that, in view of the importance of the subject, time should be allowed for informal consultations.

47. Mr. JØNCK (Denmark) said that his delegation believed that any country which wished to place an item on the agenda should be accommodated. At the same time, the way in which the Council ought to deal with the subject in question was a matter of concern to all delegations and should be the subject of discussion. The problem could not be solved by taking a vote immediately. He sympathized with the Canadian position regarding the time involved and felt that the matter should be settled as soon as possible. He suggested that the first meeting of the Bureau should consider how to deal with the proposal so that an early decision could be reached by consensus.

48. Mr. DIETZE (German Democratic Republic) said that his delegation was in favour of keeping the matter open for further consultations. It also felt that it would be unfortunate to start the session by taking a vote.

49. Dame Ruth BARROW (Observer for Barbados) trusted that the Council would see that the item did reach the agenda. It had already been subject to much procrastination.

50. The PRESIDENT proposed that Mr. Pashkevich should hold informal consultations on the proposal and report to the Council by Friday, 8 July 1988, at the latest.

It was so decided.

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[6] *Report of the World Conference to Review and Appraise the Achievements of the United Nations Decade for Women: Equality, Development and Peace, Nairobi, 15-26 July 1985* (United Nations publication, Sales No. E.85.IV.10), chap. I, sect. A.

51. The PRESIDENT invited the Council to consider the provisional agenda for the current session (E/1988/100, sect. I).

52. Mr. SHABAN (Egypt) said that in the informal consultations held in New York on item 18, which had been allocated to the Third (Programme and Co-ordination) Committee, the view had been expressed that, given the importance of the issue and the fact that the sessional committees were not provided with summary records, half a day should be given to the item in plenary so that the views of delegations could be reflected in the summary record.

53. The PRESIDENT said that item 18 could be taken up in plenary on Monday, 25 July 1988.

54. Mr. EL-GHOUAYEL (Observer for Tunisia) said that item 3 (In-depth study of the United Nations intergovernmental structure and functions in the economic and social fields) was very important. The report of the Special Commission under item 3 (*a*), however, had already been the subject of lengthy informal consultations. Item 3 (*b*) should be given priority, therefore, at the current session. He noted that discussion of the item was set for a late date in the session. It would be unfortunate if shortness of time were to harm the prospects for agreement. He proposed, therefore, that the Council should authorize the President to hold informal consultations with all members in order to form an idea of the possibility of agreement. Such consultations would allow him to prepare a statement of the proposals of the various groups. An informal document listing the proposals could perhaps be made available soon.

55. The PRESIDENT said he was at the Council's disposal on the matter. With regard to the holding of informal consultations, he appreciated the confidence placed in him by the Observer for Tunisia but would await the views of other delegations on how best to proceed.

56. If there were no objections, he would take it that the Council wished to adopt the agenda (E/1988/100, sect. I), subject to the outcome of the informal consultations to be held on draft decision E/1988/L.29.

It was so decided (decision 1988/152, para. 1).

57. The PRESIDENT invited the Council to consider its programme of work (E/1988/100, sect. III, D). In connection with item 2 (General discussion of international economic and social policy, including regional and sectoral developments), it was proposed as a new departure that, immediately after an executive head had addressed the Council, there should be a short informal exchange of views in an informal meeting after which the plenary would resume its formal meeting and hear the remaining speakers listed. It had already been agreed that that procedure would be followed for UNESCO, IMF, IFAD and the World Bank. If any delegation wished to propose a similar procedure for any other executive head, the Secretariat should be informed the day before the executive head concerned was scheduled to address the Council.

58. In connection with item 14 (Report of the United Nations High Commissioner for Refugees) he recalled that, under Economic and Social Council resolution 1623 (LI) of 30 July 1971, the report (E/1988/53) would be transmitted to the General Assembly without debate unless the Council decided otherwise at the specific request of one or more of its members or of the High Commissioner at the time of the adoption of the agenda. Since no such request had been made, he took it that the Council wished to transmit the report of the United Nations High Commissioner for Refugees directly to the General Assembly.

It was so decided (decision 1988/152, para. 1).

59. The PRESIDENT said that, if there were no objections, he would take it that the Council approved the organization of work as proposed in section III of document E/1988/100.

It was so decided (decision 1988/152, para. 1).

60. The PRESIDENT reminded delegations that, in drawing up draft proposals under the various items of the agenda, due account should be taken of General Assembly decision 42/435 of 11 December 1987 concerning the biennial programme of work for the Second Committee for 1988-1989. He also reminded members of the guidelines agreed upon concerning statements in explanation of vote and statements in exercise of the right of reply, as outlined in document E/1988/100, paragraphs 114 to 116.

61. Mr. PASHKEVICH (Byelorussian Soviet Socialist Republic) asked delegations wishing to take part in the informal consultations on the Canadian proposal to think beforehand about the points that had been raised and try to find a possibility of compromise. He hoped it would be possible to reach a consensus.

The meeting rose at 5.20 p.m.

19th meeting

Thursday, 7 July 1988, at 10.05 a.m.

President: Mr. Andrés AGUILAR (Venezuela)

E/1988/SR.19

AGENDA ITEM 2

General discussion of international economic and social policy, including regional and sectoral developments

1. Mr. AHMED (Under-Secretary-General for International Economic and Social Affairs), reviewing the performance of the world economy in the 1980s, said that compared to the previous two decades, economic growth and international trade had slowed down everywhere. Structural imbalances persisted among the major market-economy countries and the debt burden of the developing countries overshadowed world economic performance while key parameters, such as exchange rates, interest rates and commodity prices, had become markedly less stable. Lastly, the 1980s had seen great contrasts in the economic performance of regions and countries.

2. In the developed countries, the growth rate had reached 3 per cent in 1987 and was not likely to be higher in 1988 and 1989. In the planned-economy countries of Europe, growth had slowed to slightly under 3 per cent in 1987 but was likely to accelerate somewhat in 1988 and 1989. In China the growth rate had risen to over 9 per cent in 1987 but the authorities were trying to restrain it. Among the developing countries, those of South-East Asia had maintained rapid expansion. In Africa the situation had improved somewhat for the region as a whole, but per capita incomes in sub-Saharan Africa had fallen further, and growth had slowed significantly in the North African countries, so that the continent's short-term prospects remained bleak. In Latin America debt problems had caused a further slow-down of growth in 1987, and the situation was expected to go on worsening over the next two years.

3. For the developing countries as a whole there was still no sign of an end to the debt crisis; the crisis might even worsen, since more debtor countries were going into arrears not only to commercial lenders but to multilateral institutions. There were serious implications for the international financial system, and it was clear that the current situation could not be sustained for long without serious economic and political consequences. The principles for a lasting solution had been defined in General Assembly resolutions and in the Final Act of the seventh session of the United Nations Conference on Trade and Development,[1] but had not been firmly and resolutely applied. What was needed was a concerted international response to the debt crisis.

4. A number of initiatives had been taken during 1987. In particular, commercial banks had increased their reserves to cover the risk of losses arising from the debts of third world countries. A number of debt relief or buy-back arrangements had been proposed to the developing countries. The idea of an international debt-restructuring facility within an existing institution was gaining ground and if political agreement was to be reached on that approach, it should be possible ro raise the necessary resources. With regard to the official debts of the least developed and poorest developing countries, particularly in Africa, a number of steps taken, such as IMF's Enhanced Structural Adjustment Facility and the World Bank's Special Programme for Africa, had begun to produce results. Some Govenments had also announced debt relief measures, but further steps were needed to support them, as the world's seven richest nations had recognized at their Summit Meeting held at Toronto from 19 to 21 June 1988, when they had adopted a framework agreement.[2]

5. Progress in removing the large imbalances among major industrialized countries had remained limited. Exchange-rate instability and the tendency of real interest rates to rise continued to hamper investment and trade. Adjustment among the developed countries required a climate of trust and stability. Unfortunately, stability was difficult to attain when the world's principal reserve currency belonged to a country which had become the world's largest debtor. Deregulation and integration of international financial markets accentuated the difficulties. Governments might usefully look again at the role of SDRs as the principal reserve asset and a source of international liquidity.

6. Macro-economic policy co-ordination should evolve in the direction of principles and rules designed to stabilize the international monetary system. CDP had discussed the issues at its recent session and had found that the multilateral response to structural imbalances in the world economy had been far from adequate. The same conclusion emerged from the *World Economic Survey 1988* (E/1988/50). Multilateral forums within the United Nations system, including a revived and strengthened Economic and Social Council, could facilitate discussion of the problems and evolution towards a solution.

7. Trade expansion, a key to solution of the debt problem, remained vulnerable to rising protectionism. Commitments to standstill and rollback had not yet produced results. The Uruguay Round of multilateral trade negotiations, and bilateral or regional agreements for the liberalization of trade such as those between Canada

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[1] *Proceedings of the United Nations Conference on Trade and Development, seventh session*, vol. I, *Report and Annexes* (United Nations publication, Sales No. E.88.II.D.1), part one, sect. A.

[2] See A/43/435.

and the United States and among members of the EEC for a large internal market by 1992, could give new impetus to world trade provided the liberalization was not at the expense of third-party countries.

8. The developing countries were still affected by the persistent fall in commodity prices, which had reached an all-time low in the first quarter of 1987, and the rise in dollar prices of manufactured imports from developed countries, which had meant a further decline in the developing countries' terms of trade. In the long term, diversification of production was the only solution for countries highly dependent on commodity exports. In the shorter term, the coming into operation of the Common Fund with adequate financial resources could help to stabilize markets and increase predictability.

9. The persistent decline in the developing countries' terms of trade combined with reduced financial flows and the increasing external debt burden had produced net transfers of resources from developing to developed countries for several years. The middle-income heavily indebted countries had suffered most, having transferred a total of $126 billion to developed countries, representing 15 per cent of their export earnings and over 2 per cent of their GDP. The Secretary-General's report (E/1988/64) on the subject called for stability of capital flows to developing countries on a long-term basis and a durable resolution of their debt problems.

10. The Council also had before it a report (E/1988/63) on the role of indigenous entrepreneurs in economic development in both the public and private sectors. Promoting entrepreneurship was low-cost strategy for economic development whose value was widely recognized in developing countries. The United Nations could make an important contribution to the development of policies and help Governments to apply them.

11. The role of women in society was an important issue for growth and development, but their contribution to the national and world economy was not fully recognized. The *Survey* for the first time presented selected indicators of the socio-economic attainment of women throughout the world. The development of appropriate statistical methods, which was linked to the revision of the United Nations System of National Accounts under the direction of the Statistical Commission, sought to ensure that women's contributions were recognized in both economic and non-economic areas.

12. In response to General Assembly resolution 41/193 of 11 December 1987, the Secretary-General had also submitted a report on the preparation of a new international development strategy (E/1988/67). Following discussions, it was agreed that a new strategy was desirable in order to take into account increasing interdependence and changing priorities in the 1990s. In view of the relative lack of success of the current strategy, the new document should be formulated on different lines. In the present circumstances, forecasting the future had become even more precarious and there would have to be greater flexibility in setting goals, whether quantified or not. For a strategy to remain relevant, moreover, it would need to be global and organized round a central unifying theme. Apart from key issues concerning domestic and international economic restructuring, the development of human resources or the alleviation of poverty could provide such a theme. In preparing the strategy, attention should be paid to the active involvement of Governments at the policy-making level and interaction between national, regional and international deliberations.

13. The Secretary-General's report on socio-economic perspectives to the year 2000, a summary of which was submitted to the Council (E/1988/62), could assist Governments in formulating a strategy. The long-term perspective offered two possible scenarios, a basic scenario based on existing trends with unchanged policy and an alternative scenario which would be likely to materialize if different policies were pursued. Even those quantitative assessments, did not take into account technological and structural change in the world economy. Technological change in a broad sense was the mainspring of economic growth, although, paradoxically, it was currently coinciding with a slowdown in growth. The 1990s might therefore witness considerably faster growth than was currently foreseen. Greater financial and monetary stability, positive measures that might ensure the success of the Uruguay Round, and the economic reforms under way in China, the Soviet Union and Eastern Europe could open up promising prospects for the world economy, but the outlook would also be determined by social and political factors. The future would show whether concomitant progress in national policy-making and international co-operation had been sufficient to set the world economy on the right path.

14. Mr. WALTERS (United States of America) welcomed the decision to focus the debate on the priority issue of the multilateral response to structural imbalances in the world economy. At a time when the economic and social structure and functions of the United Nations were undergoing thorough review, it was important to examine the ability of multilateral institutions to deal with current economic problems.

15. Economic conditions in the major industrialized countries were determinants of the environment affecting every country's economic prospects. The United States recognized its particularly influential role in that regard. The stock-exchange market decline in October 1987 underscored the interdependence of the world economy and the need for international economic policy co-ordination.

16. The market disturbance had also proved that the strength of the world economy had been underestimated. The current optimism was primarily due to the ability of the industrial countries, working together, to reduce the external and internal imbalances that had been nagging concerns in past years. A number of multilateral arrangements, such as the OECD and the periodical summit meetings of the seven major industrialized countries, the most recent held in Toronto from 19 to 21 June 1988, were aimed at economic policy

co-ordination with a view to producing a more stable international environment. A number of newly-industrialized countries also played an increasing role in the world economy and IMF was an increasingly important forum for policy co-ordination among the nations which influenced international economic conditions.

17. Improvement in the global economic environment was clearly in the interests of developing countries facing severe external debt problems. According to recent IMF studies, the debt burden had eased in 1987 for the first time in the decade and should continue to do so in 1988 and in 1989. The 15 major debtor nations were in substantially improved positions. According to the World Bank, the 1987 growth rate had been 4 to 5 per cent or better in eight of the countries, current-account deficits had been sharply reduced without a cut-back in imports and export earnings had increased while imports should be the highest since 1982. The progress was due mainly to the implementation by debtor countries of policies that promoted financial and fiscal reform while creating the structural foundations for domestic growth and external balance. Debtor countries had learnt that a more market-oriented policy was needed and were on the right track. However, the debt problem was still serious, particularly in some regions, including sub-Saharan Africa, and there was still work to be done. The solutions adopted showed that debtor countries and their private-sector creditors could succeed when they worked directly with each other. That approach had been endorsed at the IMF/World Bank meetings in the spring of 1988. For the poorest countries, Paris Club reschedulings would continue to be essential. The Toronto Summit Meeting agreement would increase the debt relief provided by official creditors.

18. The United States had consistently been actively involved in international efforts to tackle the developing countries' debt problems. It did not believe that simply wiping the slate clean by transferring risks from private sector creditors to Governments or international financial institutions would work. Sound economic policies were the answer, and the United States would continue to support the activities of IMF and the World Bank in working with debtor countries on a case-by-case basis to implement reform efforts.

19. Commodity prices provided another insight into how multilateral institutions addressed economic issues. Prices varied considerably over time because of both cyclical and structural factors. The terms of trade between commodities and manufactures continued to decline. In the long run, the only solution was for countries not to rely on commodities as a sole source of export earnings. Unfortunately, some multilateral institutions and international arrangements, which attempted to prop up prices artificially or alter long-term trends in commodity prices, worked against market principles and were unsustainable. The IMF Compensatory Financing Facility took a different approach. It offset the fall in commodity prices without distorting market forces or encouraging the continuation of inefficient economic activity. Similarly, World Bank structural adjustment programmes and sectoral loans encouraged alternative, more profitable economic activity in the long term.

20. Free trade promoted economic growth by fostering competition and helping to allocate resources more efficiently. Protectionist pressures were, however, present in virtually all countries and without close multilateral co-operation nations could easily fall prey to them. In his own country, tariffs were only 5.2 per cent and roughly one third of imports entered duty free. The United States would continue to work in GATT, and hoped to expand the principles of free markets to such areas as services, investment and intellectual property.

21. Multilateral institutions played an active and constructive role. Where they succeeded, it was because they pursued long-term objectives that corresponded to economic reality and emphasized a market approach to policy while recognizing the need for intergovernmental co-operation. Their success offered a lesson to the Council. Its success also would be determined by its ability to achieve long-term economic and social objectives in the interest of all countries. Those objectives did not differ from institution to institution; they were rooted in reality. Free trade benefited all nations. Yet, while working towards that goal in GATT, the international community adopted resolutions in the Council which endorsed protectionism.

22. The Economic and Social Council could fulfil its central role under the Charter of the United Nations only if it recognized the futility of resisting basic economic goals. In ever greater numbers countries had recognized that fact and were creating freer markets and encouraging individual initiative. The United Nations system should support those national efforts. At its forty-first session, the Assembly had adopted resolution 41/182 of 8 December 1986 on the role of entrepreneurship, and many parts of the United Nations system were actively promoting entrepreneurship in their programmes.

23. Later in the current session the United States would introduce a draft resolution reaffirming the importance of United Nations work to promote entrepreneurship. It would then be up to the Council to choose. It could fulfil its Charter role as co-ordinator of activities in that area, or it could remain on the sidelines as it had done two years earlier.

24. The Council could not do everything, but it could do everything important and decide what was important. It must recognize that Governments would only agree to multilateral objectives that could provide tangible long-term benefits. In their respective fields, WHO, UNDP and UNICEF had risen to the challenge. The Council should also do so.

25. Mr. DRAPER (Administrator, United Nations Development Programme) said that the economies of most of the developing countries continued to be in a state of crisis whose extent was measured in the suffering of billions of human beings. UNDP, in close co-operation with its partner countries, was endeavouring

to alleviate that situation. He wished to thank all donors, whose support had raised UNDP's income to a record level exceeding $1 billion for the second year in succession.

26. UNDP had made significant progress in a number of fields, including promoting the role of women in development, giving increasing prominence to environmental considerations, and co-ordinating development activities. It was involved in some 5,400 projects in 152 developing countries, and in 1987 had approved 1,978 new projects, 29 per cent more than in 1986; that represented an increase of 54 per cent in dollar terms. All those projects were being carried out in close co-operation with the beneficiary countries, as laid down in the 1970 consensus.

27. UNDP would not be able to achieve so much without the collaboration of the executing agencies, which sometimes had to contend with debilitating budget cuts. He was gratified that the UNDP Governing Council had agreed to pay $3.2 million to European-based agencies to help them meet losses arising from currency fluctuations. As examples of fruitful co-operation, he cited the $3 million committed by UNDP to assist WHO in its campaign against the acquired immuno-deficiency syndrome (AIDS), UNDP co-operation with the Co-ordinator for Assistance to Afghanistan, and UNDP help in drawing up a special plan of economic and social co-operation in Latin America, for which the Governing Council had approved a contribution of $20 million. UNDP was also co-operating with the World Bank, UNFPA, WHO and UNICEF in the safe motherhood initiative and with the World Bank, FAO and a private foundation in the Tropical Forests Programme. It was also participating in the Water and Sanitation Decade programmes, in emergency and humanitarian activities in Ethiopia, Mozambique and Angola, and in the campaign against the locust scourge. At the administrative level, UNFPA, UNICEF, WFP and UNDP had worked out guidelines for the use of common premises and shared field services.

28. As far as operational activities were concerned, the Governing Council had reaffirmed the central funding and co-ordination role of UNDP in development activities as endorsed by the Jansson report,[3] but it had decided not to separate the functions of resident representative and resident co-ordinator. It had also approved a large number of activities to be undertaken in co-operation with the World Bank in line with the special mandates and policies of each institution.

29. The Governing Council had agreed that UNDP could programme the fourth UNDP cycle on the basis of an additional $600 million, the bulk of which will go to increasing IPFs, while 10 per cent—$60 million—would be allocated to a new management development programme to help developing countries carry out their structural adjustment programmes more efficiently. He called on donors to devote at least a small percentage of their future aid to helping close the crucial management gap.

30. The Governing Council had further decided to increase financial support for round tables organized by UNDP for the 27 countries that had chosen that process as their main aid co-ordination mechanism. It had approved a supplementary budget of $7.8 million to strengthen operations in Africa, where the growing participation of UNDP in the development process was illustrated by the success of its national technical assessments and programmes. The Governing Council had also cleared the way for a major increase in the number of United Nations Volunteers.

31. UNDP would be devoting additional resources to strengthen technical co-operation among developing countries, which provided an authentic example of South-South mutual assistance.

32. He was disappointed that the Council's Special Commission had not succeeded in reaching a final decision on the reforms needed to rationalize the intergovernmental machinery of the United Nations system in the economic and social fields. That issue should not be allowed to drop out of sight. The Council was suffering from its own management gap.

33. UNDP was alert to the differing needs of the least advanced developing countries and those with more sophisticated economies, such as Argentina, Brazil, China and the Republic of Korea. All of them faced the necessity of making structural adjustments in order to deal with the debt issue, and UNDP was investigating new ways of helping them do so without neglecting social programmes or taking short-sighted decisions that might have dire consequences for future generations.

34. In order to promote balanced development, UNDP had to be constantly alert to the emergence of new technology, new trends and new needs, and to combine foresight and flexibility in so doing. As the twenty-first century approached, the Governing Council had decided to devote its next high-level general debate to the role of UNDP in the 1990s. The developing countries would in future live under the threat of three time bombs: unemployment, critical poverty and the urban explosion.

35. It had been estimated that 700 million jobs would have to be created in the developing countries over the coming 20 years, which was more than currently existed in the entire industrialized world. The private sector accounted for some 65 per cent of jobs throughout the world at the present time, but the developing countries were net importers of services, with a yearly deficit of $58 billion. That was where efforts should be concentrated. Developing countries had taken many initiatives to promote development of the private sector, which was the most effective means to release the dynamism and creativity needed to mop up unemployment.

36. Critical poverty was one of the inevitable consequences of unemployment and often accompanied migration from the land. The problem was an appalling

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[3] E/1987/82/Add.1, annex.

one, extending as it did to the greater part of the developing world, and it was sometimes precipitated by unwise policies that subsidized the urban population at the expense of the farmer. It was estimated that by the year 2000, 17 of the largest cities in the world would be in the developing countries. The international community must tackle the economic, environmental and social consequences of that monstrous growth, and the United Nations system must adopt a bold, co-ordinated and imaginative response to the challenge it posed.

37. Mr. KERKINOS (Greece), speaking on behalf of the EEC and its States members, said that the challenges facing the countries of the world bound together North and South, East and West in common concerns. The health of the world economy would determine whether all mankind could live more comfortably or whether the number of poor would continue to grow. The Community countries believed that it was possible through improved economic management to provide widespread benefits. The industrial countries were experiencing their seventh year of economic expansion and had proved resilient in the face of the October stock market crisis. Having succeeded in cutting back inflation, they were expected to achieve growth of about 3 per cent in 1988 and 1989, but unemployment, particularly youth unemployment, persisted at a high level in most of them.

38. As the industrial countries had emphasized at the Toronto Summit Meeting, held in June 1988, a favourable international environment was essential for a durable solution of debt problems and other imbalances. The projected growth of developing countries was about 4 per cent, but that figure masked a decline in per capita GDP in a number of them.

39. In Africa, the road to economic recovery would be long and difficult. Structural adjustment efforts had not yet borne fruit, but the African economies must continue on that path, with the support of the international community. The mid-term review of the United Nations Programme of Action for African Economic Recovery and Development 1986-1990 would provide an opportunity to evaluate the progress made and explore new possibilities for action.

40. He welcomed the efforts being made by all countries to bring exchange rates into better alignment and to remedy external imbalances. The large industrial countries had begun to correct their trade imbalances, initially in volume terms but more recently in terms of value of imports and exports.

41. Interest rates had come down considerably with a consequent easing of the debt service burdens of a number of countries. That downward trend would, however, have to continue if debtor countries were to succeed in carrying through their economic adjustment plans. He acknowledged the efforts made by commercial banks to restructure the debt of certain Latin American countries but noted that they had not yet gone so far as to expand their lending to developing countries.

42. Many Governments in developing countries had taken courageous adjustment measures, sometimes at very high social and political cost. They were beginning to pay off, but it had to be recognized that slow demand growth in the economies of their trading partners and intensified protectionist threats had weakened the impact of their efforts. While multilateral aid had created a more favourable investment climate, the developing countries also required assistance in achieving their full economic potential, in reducing structural rigidities and distortions, both internally and internationally, and in strengthening co-operation between them.

43. The EEC had recently moved towards a significant liberalization of its trade policies, and was actively working for the creation of a unified internal market by 1992, which was expected to increase the growth rate of the Twelve. That should have a positive spill-over effect on other economies, particularly those of developing countries.

44. The EEC countries had been watching with interest recent developments in the policies of the centrally-planned economies. More trade with the rest of the world might bring about higher growth rates both in the CMEA countries and in the economies of their trading partners. There was also a prospect of enhanced economic co-operation between CMEA countries and the developing world.

45. The world economy could only develop satisfactorily if there was further intensification of international economic policy co-ordination and the implementation of commitments entered into. The Toronto Summit Meeting had listed a number of them. The major industrialized countries had committed themselves to promoting sustainable non-inflationary economic growth and to continuing efforts to narrow their major external imbalances. A stable monetary system was essential for non-inflationary growth, and the fiscal policies of all countries, in particular the major industrialized countries, would have to be directed to achieving that objective. The reduction of the United States fiscal deficit would play a key role, and he welcomed recent progress in that direction. In countries with strong external surplus positions and price stability, the growth of domestic demand should exceed that of GDP, so that lower domestic demand growth brought about by fiscal consolidation in the United States would not cause a slackening in global output.

46. Developing countries also needed to pursue vigorous growth-oriented adjustment policies in order to ensure continued sustainable growth. A number of them seemed to be making good progress in that direction, but others had found it difficult to sustain their efforts, and in many the social cost of adjustment had been high. All social groups should share the burdens of adjustment, and donor countries should make increased resources available for adjustment, on highly concessional terms, to the poorest countries.

47. Persisting external imbalances and trade barriers must be dealt with effectively. Exchange-rate ad-

justments alone could not solve the problem, and concerted action was needed to expand trade and further liberalize trade policies. The Uruguay Round could be of decisive importance in that respect. The implementation of the standstill and rollback commitments entered into at Punta del Este, aimed at halting and reversing protectionism, was vital for the success of the Round. The Community believed in an open multilateral trading system with greater emphasis on multilateral arrangements than on bilateral negotiation. He was convinced that a further liberalization of international trade, including trade in services and agricultural products, would greatly benefit all countries engaged in the negotiations, especially the developing ones.

48. Agriculture, which was of particular importance to the developing countries, raised very difficult issues. All countries bore some responsibility for the current situation. The EEC reaffirmed its commitment to the agreement reached by the Economics Ministers of the States members of the OECD in May 1987 on the principles for a concerted reform of their countries' agricultural policies, to be implemented progressively in a balanced and flexible manner. Accordingly, the Council of Europe had taken major steps in February 1988 towards a substantial reform of the common agricultural policy, which should facilitate the success of comprehensive negotiations based on the Punta del Este Declaration.[4]

49. Debt strategy must be strengthened. In June 1984, the London Summit Meeting had called for a more coherent and co-ordinated discussion of international financial issues, and in June 1988, at the Toronto Summit Meeting, further steps had been taken in the same direction. The debt problems of developing countries remained in the forefront of international concern, and their impact on the economic, social and political stability of debtor countries was abundantly clear. Debt-service ratios were still irksomely high for the majority of capital importing developing countries. The share of investment in GDP—a key indicator of development performance—had further deteriorated, particularly in the heavily indebted countries of Latin America and sub-Saharan Africa. In many debtor countries the debt problem was proving impossible to tackle by traditional rescheduling techniques.

50. There had been growing recognition of the need for a more forceful approach. It had become increasingly evident at the Toronto Summit Meeting and had given fresh political impetus to the search for solutions. The fact had been recognized that the problems of many heavily indebted developing countries could pose a threat to their political stability, and that a number of middle-income countries were continuing to have difficulties in servicing their external debts and generating the investment necessary for sustainable growth. The need had also been recognized for a new approach to the debt problem of the poorest countries. Several participants in the Summit Meeting had made proposals for lightening the debt service burden of the poorest countries that were carrying out adjustment programmes approved by the international community, and a consensus had been reached on rescheduling the official debt of such countries within a framework of comparability that allowed creditors to choose options consistent with their legal or budgetary constraints. The Paris Club had been urged to work out the necessary technicalities by the end of 1988 at the latest. A number of creditor Governments had also decided to write off ODA loans. Future assistance to the poorest countries would also have to retain a high grant element. In creditor countries resumed per capita growth was essential to solve debt problems. Sound macro-economic management, rational incentives and adjustment policies should make that possible. Such adjustment efforts, which had shown promising results in a number of countries, must be accompanied by increased financial support to permit simultaneous growth of consumption, investment and inputs.

51. The great majority of developing countries depended for their livelihood on the export of raw or slightly processed primary commodities, and low commodity prices coming on top of their debt burden exacerbated their problems. There was a clear need to stimulate horizontal and vertical diversification and an expansion of commodity trade, taking market conditions into consideration. The Common Fund would soon be coming into operation, and the EEC was ready to play a constructive role in discussions in the Fund's Governing Council.

52. Turning to the work of the Special Commission and of the Economic and Social Council itself, he said that the States members of the EEC had actively participated in the Commission's work on the in-depth study of the United Nations intergovernmental structure and functions in the economic and social fields and believed that the reform process should be continued. They hoped that the Council would so recommend in transmitting the Commission's report (E/1988/75) to the General Assembly.

53. The efficient functioning of the Council remained a crucial concern for the EEC. Several attempts at reform had been made in the past, and the Council had itself adopted resolutions aiming at rationalizing and better organizing its work in 1971 and 1973, which had culminated in General Assembly resolution 32/197 of 20 December 1977. The Special Commission had, however, reached the conclusion that the Council was not satisfactorily performing its functions as described in the Charter of the United Nations. The States members of the EEC were ready to explore any initiatives for enhancing the effectiveness of the Council and restoring its credibility.

54. Mr. MAYOR (Director-General, United Nations Educational, Scientific and Cultural Organization) said that, in addressing the Council for the first time, he would speak about science, technology and society, and

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[4] Ministerial Declaration adopted at the special session of the Contracting Parties to the General Agreement on Tariffs and Trade, held at Punta del Este (Uruguay) from 15 to 20 September 1986 (see GATT, *Basic Instruments and Selected Documents, thirty-third supplement* (Sales No. GATT/1987-1, p. 19)).

their interrelation with human resources development and environmental questions.

55. From 20 to 31 August 1979, all bodies in the system had met at Vienna to participate in the United Nations World Conference on Science and Technology for Development, which had marked a growing awareness throughout the world of what had come to be called "Science, technology and society". Unfortunately, that evolution had not gone far enough to create a collective political will to act at the world level. The Conference had, nevertheless, decisively demonstrated the vital role of science and technology in world affairs. Since 1979, there had been an increasing imbalance in science and technology capabilities between groups of countries, which every effort should be made to correct. That would require a pooling of political will to foster national potentials in science, technology, education, research, and infrastructures in the developing countries.

56. There were formidable obstacles to be overcome: slow economic growth, slackening international trade, low commodity prices, debt burdens, population increases, uncontrolled urbanization, unemployment, environmental degradation, and political instability. They presented a daunting challenge to the United Nations system as a whole, and the urgency was much greater in 1988 than it had been in 1979. Not only had science and technology made considerable advances in the interval, but the debt situation of many developing countries had assumed almost insurmountable proportions, and world population had continued to rise dramatically. A fresh look at the role of science and technology in world development was called for.

57. Science and technology alone did not suffice to meet the needs of man. They should be contemplated only as they related to individuals in societies—a point frequently stressed by member States consulted on the preparation of UNESCO's next Medium-Term Plan. Many of them had pointed out that the dynamics of research and development and the rapid emergence of new technologies had consequences that revolutionized production structures and affected the organization of societies and relations between individuals and nations. In the coming years, UNESCO would, accordingly, give particular attention to the problems created by science and its applications, encouraging the broadest possible participation in that common enterprise of discovery and innovation, but, at the same time, ensuring complete mastery of the impact of such advances on societies. There could be no applied science if there was no science to apply. The promotion of basic science was, therefore, essential in all countries, and UNESCO intended to reinforce existing networks under its next Medium-Term Plan and establish new ones, for example, in molecular biology and pathology, and in biotechnology.

58. Preparations for the new international development strategy for the fourth United Nations development decade and the fourth programming cycle of UNDP were under way concurrently with those for UNESCO's next Medium-Term Plan. He was keen to share with all interested organizations the experience gained by UNESCO from its consultations with member States and the world scientific community. A joint meeting, 10 years after the Vienna Conference, with prominent representatives of the world science and technology community and high-level representatives of the funding agencies, would allow for new breakthroughs in an area that could not be disregarded. What was at stake was not only the well-being of the present generation but also that of generations to come. The scientific community could no longer remain silent. The needs of societies at the global and local levels must be recognized, and decision-makers must be provided with scientifically based solutions for problems crucial to social development.

59. When UNESCO's activities were examined, it was clear that one central idea was the development of human resources. That objective permeated all its activities in education, science, culture and communications and must be a decisive dimension in its future work. The response to new needs was both complex and difficult, but the challenge must be met courageously. Past approaches must be critically scrutinized to determine their relevance to today's problems and today's environment.

60. In aid programmes the important variables were not so much their magnitude as their quality and compatibility with the priorities and absorptive capacities of recipient countries. They were determined by the available human resources, in which long-term, patient investment was indispensable. Both donor and recipient must recognize that requirement and work together to satisfy it. If a technical programme or a national economic development programme was to yield substantial and lasting benefits, there had to be a supply of trained and motivated people, supported by adequate equipment and funding. It was easier to find the financial and material resources than the human resources, which was why UNESCO placed so much emphasis on the centrality of human resources development.

61. The impact of scientific advances on the environment was attracting increasing attention. On 8 July 1988 there was to be a working meeting in Paris of the heads of most of the United Nations bodies concerned, in response to an invitation from the Executive Director of UNEP and himself, which would provide an opportunity for an exchange of views on the major environmental issues and agreement on measures to harmonize action by the various organizations. It was hoped that the meeting would be the starting-point for future system-wide co-operation in that field. Over recent decades, the nature of environmental changes had been dramatically transformed by human intervention. The entire global environment was affected, particularly the equilibrium of the biosphere. The question of mankind's very survival was not one that could be disregarded. There was an urgent need to assess the various elements in such changes, predict future developments more accurately, and decide on action to mitigate or prevent their harmful effects. In the interval before the international conference on environmentally sound and sustainable

development proposed for 1992, UNESCO intended to work actively, in liaison with the other organizations of the United Nations system, on all aspects relevant to its mandate and to speak out whenever environmental dangers threatened present and future generations.

62. The processing and flow of specialized information would play an increasingly important role in the drive for economic, scientific, technical and cultural development, and the United Nations system must ponder its responsibilities in that vital area. UNESCO's member States continued to look to it for assistance in building up a knowledge of the effects of computerization in the economic, social, cultural and ethical fields.

63. In conclusion, he emphasized that the international community could not be a mere spectator. It must become actively involved in the world development effort. What was needed was a mutation—the principle of all evolution—and that could only occur at a point far removed from equilibrium. Calculated risks must be taken, but those involved must be properly equipped for that venture; that was the key to shaping a brighter future.

The meeting was suspended at 12.15 p.m. and resumed at 12.35 p.m.

64. Sir Crispin TICKELL (United Kingdom) said that the imbalances which had grown up between the major industrialized economies over many years could not be corrected overnight. The past year had seen a further strengthening of co-operation between those countries, culminating in the Toronto Summit Meeting. It was encouraging to note the change in emphasis at such summit meetings over the years, from the distribution of wealth, the accommodation of inflation and short-term expedients, to the creation of wealth, the control of inflation, structural adjustment and the release of the energies of the private sector.

65. His Government particularly welcomed the establishment by IMF of the Enhanced Structural Adjustment Facility and the fact that contributions to it were not far short of the Managing Director's target of over $8 billion. It was one of the most valuable ideas to have emerged from the World Bank and the IMF in recent months. In respect of the interest subsidy involved, the United Kingdom had confirmed that it would make the largest single contribution, sufficient to subsidize one-sixth of total lending of about $1.4 billion. The emphasis placed by the Bank on what had been called "adjustment with a human face", in other words, proper consideration of the impact on the poorest, was also to be welcomed. The Bank had sought to help the poor to acquire wealth-generating assets, to improve their employment prospects, to gain access to education and health services and to increase their resources generally.

66. The United Kingdom had not only supported those recent initiatives but had made a contribution of its own. In 1987, the Chancellor of the Exchequer had put forward proposals to help the poorest and most heavily indebted countries of sub-Saharan Africa. He had proposed, first, that old loans should be converted into grants; secondly, that the major creditors of the Paris Club should grant longer grace and restructuring periods on official debts; and thirdly, that interest rates on official debt should be reduced. Those proposals had been well received at the Toronto Summit Meeting. A consensus had been reached on action to put them into effect by rescheduling the official debts of the poorest countries within a framework of comparability which would allow creditors to choose from a variety of methods.

67. The debt problems of many poor and not so poor countries remained serious. But, although more remained to be done, important lessons had been learnt from the experience of the last six years. There was no magical global solution to those problems. Each case was different. Debtor governments had recognized the importance of sound economic management and their creditors had come to look for new ways of dealing with the problem. New financial flows which did not increase the burden of debt, such as direct private investment, were valuable and helpful. The most important task was to ensure healthy, non-inflationary growth in the world economy and an open trading environment.

68. Everything would be easier if countries' efforts were not hampered by economic policies which distorted the market. His Government attached high importance to maintaining an open multilateral trading system and allowing markets to operate freely with a minimum of government interference. The international community must be vigilant in resisting attempts to weaken the world trading system. The consequences of the protectionist measures taken in the 1930s must not be forgotten. Many barriers still distorted world trade. The multilateral trade negotiations taking place under the Uruguay Round provided an opportunity to tackle them. Determined action to that effect was essential, for no country could choose free trade for those sectors in which it was competitive while closing its markets to the rest.

69. The fact that agriculture was one of the major topics of the agenda for the Uruguay Round provided an opportunity to bring about major reductions in agricultural subsidies and support, and to bring agricultural trade more fully into the GATT framework. The current unhappy contrast between surpluses and waste on the one hand and food shortages and famine on the other was the result of many factors, including the agricultural policies of the industrialized countries. The costs of protection fell most heavily on taxpayers and consumers in the industrialized countries themselves, but they also fell heavily on other producer countries, which sometimes exacerbated the problem by excessive intervention in the market. Some countries had been discouraged from developing their own agriculture by seeing their access to industrialized-country markets limited by import restrictions. Indebted countries thus found it all the more difficult to undertake structural adjustment. Given the priority attached to international agricultural reform, the United Kingdom was determined to fight hard for it in every forum in which it was represented.

70. Turning to the problem of environmental degradation, he said that the Industrial Revolution which had begun in Great Britain towards the end of the eighteenth century had had a profound effect on the environment. However, conditions at the start of that industrial revolution had been fairly good, and it had taken place in a part of the world where the environment was robust. That did not mean that the environment could be treated with contempt or that the industrialized countries could shrug off their share of responsibility for the effects of industrialization on the environment of the planet as a whole. However, in a limited geographical sense, those who lived in temperate areas were not as vulnerable, nor was the environment as fragile, as in certain parts of Africa, Asia and South America.

71. It followed that all forms of development must be compatible with protecting the environment and safeguarding the prospects of future generations. In that connection, the report of the World Commission on Environment and Development (Brundtland Commission)[5] had brought out clearly that the combination of such factors as a steeply rising human population, desertification in all its aspects, unwise government policies, the current direction of the world economy with its changing patterns of demand and the caprices of nature had created a dangerous situation, above all for those countries least endowed with the resources to cope with it. The report also underlined the need for global solutions to global problems.

72. On the question of the Council's role, his delegation felt that the Council had never established for itself the place envisaged by the Charter of the United Nations. Its effectiveness had been called in question and the doubts expressed had been accentuated by the failure of the Special Commission on the In-depth Study of the United Nations Intergovernmental Structure and Functions in the Economic and Social Fields. The work already done should be used and built upon with a view to rationalizing and simplifying the economic and social machinery of the system to the benefit of all. His delegation would be active in exploring with other delegations ways in which that object could be achieved.

73. The Council's credibility depended on the role national Governments assigned to it. The United Kingdom believed that its essential role was to help mould an international consensus on the major economic and social issues of the day. With that in mind, and with a view to preparing the ground for the General Assembly debate on the question, it intended to join with others in introducing a draft resolution on AIDS at the current session of the Council.

74. In conclusion, the United Kingdom believed that it was important for the Council to concentrate on areas where it could achieve practical results and to think carefully about measures which might enhance its future capabilities. The path of realism was sometimes painful, but there was no alternative for those who wanted the Council to be the central economic and social body in the United Nations.

75. Mr. DERISBOURG (Commission of the European Communities) said that in 1988, as in 1987, the situation of the EEC had been marked by a low level of inflation and a moderate rate of growth, not strong enough to remedy the high rate of unemployment, which principally affected women and young people. In most member States, investment had resumed in the industrial and service sectors. Trade within the Community remained very active and it continued to be one the chief customers and suppliers of the rest of the world.

76. The Community was aware that economic growth was not equally distributed throughout the world. Within the group of industrial countries, the increase of internal demand in the United States continued to hold back the process of external adjustment. Among the developing countries, the countries of Africa south of the Sahara and Latin America in particular were no longer participating in the development process and their potential for future growth was endangered by the low current level of their investment. However, that situation did not obtain everywhere and some countries in the Group of 77 were registering growth rates sharply higher than those of the Community, which ought to enable them to take on a growing share of responsibility in international co-operation.

77. In 1987, and in February 1988, the Community had provided itself with the necessary financial and institutional means for greater economic integration, active growth and, through such growth, a dynamic effect on the growth of countries exporting to its markets. By the end of 1992, the Community would complete a tremendous effort which would make possible additional growth of 0.1 per cent a year over the next five years and which should be reflected in an additional 1.2 per cent growth in the exports of its suppliers. The Community's great internal market, far from creating "fortress Europe", would offer great opportunities both for Community businesses and for companies established outside the Community. With an eye to an open multilateral system, the Community expected third countries to engage in a similar opening of their markets. It would pursue that objective vigorously, in the Uruguay Round for example, while at the same time refraining from calling upon the developing countries to assume obligations beyond their capabilities.

78. Concerning agriculture, the Community had decided to attack the problem of farm surpluses and gradually reduce supply to a level compatible with interior and exterior demand. To that end, it had already decided on certain measures: the limitation of production at guaranteed prices (sugar, wine, dairy products), fines for producers who exceeded their quota and reduction of the area devoted to agriculture. Those courageous measures, painful for European farmers, would be brought into effect gradually over a number of years. Such a burden, falling on a single category of the European population, could be accepted, only if a similar effort in the same direction was made by the other major world producers, *inter alia*, in the framework of the Uruguay Round.

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[5] A/42/427, annex.

79. The integration and sustained economic development necessary to bring about the single market would only be possible in a context of monetary and financial stability, at least at the European level. Thanks to the European Monetary System, the European currencies had been protected among themselves from the instability that reigned in relations between the major Western currencies. Greater utilization of the European Currency Unit (ECU) by the private and banking sectors within the Community, stronger rules for the European Monetary System, and complete freedom of movement for capital in the next few years should make it possible to achieve monetary stability in Europe, and thus to promote internal growth with a knock-on effect on the Community's trade with its various partners.

80. Growth was intrinsically linked to international trade, both in the case of the Community and that of certain developing countries dependent on the export of a few commodities, as well as the newly industrialized countries. With regard to the new round of negotiations launched at the Uruguay Round, the Community had already put forward proposals for most of the 15 negotiating areas while stressing the need to respect the concept of global action. However, it had agreed to priority for a solution in respect of tropical products, to be reflected in results in the other areas, the principle of global action presupposing that results at the end of the negotiations would be balanced. The Community remained a supporter of the GATT machinery of rights and obligations, while believing that it should be strengthened and that the system for the settlement of disputes improved so as to introduce greater discipline into world trade.

81. In the same multilateral context, the Community was continuing to strengthen its ties with other partners through the signing of bilateral or regional agreements conforming to the principles defined by GATT. In Europe, it was participating in a move towards co-operation, and even certain forms of integration, with the member countries of EFTA. On 22 June 1988 it had signed a joint declaration with the members of CMEA, accompanied by mutual recognition between the USSR and the countries of eastern Europe on the one hand and the Community on the other. Bilateral trade or co-operation agreements were also about to be signed with a number of eastern European countries.

82. On 15 June 1988, in Luxembourg, the Community had signed a co-operation agreement with the States parties to the Charter of the Co-operation Council for the Arab States of the Gulf, covering several areas: trade, investment, scientific research, culture, etc. As far as long-term co-operation between the Community and the ACP countries was concerned, the fourth Lomé Convention was in the course of preparation. Within the framework of the current Convention, a mass transfer of resources, of the order of two billion dollars a year, was directed towards Africa, basically to the poor countries south of the Sahara. The Community had also embarked on a global Mediterranean policy including co-operation or association agreements with 12 countries around the Mediterranean.

83. Other co-operation agreements had been concluded with a number of Asian countries, including China and four countries of the Indian sub-continent. The Community was also encouraging the regional integration efforts of other bodies, such as ASEAN and the Andean Pact. It also welcomed the efforts at regional integration announced by the countries of Central America.

84. In conclusion, he emphasized the Community's attachment to the United Nations system and in particular to the Economic and Social Council, which could be assured of its support at the current session.

85. Mr. ALZAMORA (Peru) said that the future of international relations was emerging in a context of détente, progress in nuclear disarmament, integration among the industrialized countries and *rapprochement* between the great powers, who were showing a real will to negotiate on the most vital questions of peace and international security. The persistent absence of any real political will to reach agreement on the great cause of development, essential for stable and lasting peace, was therefore the more striking.

86. The developed countries should show as much zeal in seeking a solution to the problems of underdevelopment, which were the direct consequence of old forms of political dependency and of the current system of economic relations, as in solving the problems posed by power. However, indifferent to the fate of two-thirds of mankind, they refused to awaken to their responsibilities and to the need to bring a fresh approach to international action for development. Nothing seemed to shake that indifference and refusal to act, not even the sight of a third world suffocating in the double bind of debt and disequilibrium in the terms of trade, plunging into an unprecedented economic, political and social crisis. Already the situation of the third world countries was marked by a reversal of the development process, a decline in life expectancy and in the standard of living, a worsening of the social situation, a flight of capital and catastrophic currency devaluations of the kind taking place in Peru at the moment.

87. The cause of the situation was not far to seek. Whatever the origin of the crisis, it was always the third world which paid the price, whether it was a question of solving the inflation problems of the industrial countries by undervaluing the primary products of the developing countries or of persuading them to absorb the surplus resources of the world banking system in the form of loans, even at the cost of perpetual indebtedness.

88. Apart from the slight step forward constituted by the decision to soften the repayment terms of the poorest countries, the Toronto Summit Meeting had not truly tackled the problem of the development of the third world. The participants had not come to any agreement on reducing their deficits and trade and financial imbalances, on restraining protectionism or on alleviating the indebtedness of the developing countries and the fluctuations of exchange rates, regardless of the deplorable effect of those factors on development. In-

stead, they had confined themselves to an optimistic statement about the world economic situation.

89. In its report for 1988, the World Bank, far from sharing that optimism, placed the responsibility for the risks to which the world economy was exposed and which could bring about a recession, thus hampering for a long time the economic recovery of the developing countries, on the inability of the industrialized countries to solve their trade and financial imbalances. Adopting a more generous stand than the participants in the Toronto Summit Meeting, the World Bank drew attention to the precedents for debt cancellation, in particular the annulment of the large debts resulting from the Second World War, and stressing the favourable effect it had had on European reconstruction. His delegation thought the other formulas proposed but not taken into account at Toronto for a global settlement of the debt problem more realistic.

90. On the third world crisis also, the World Bank disputed the optimism of the Toronto Summit Meeting, stressing the most disquieting features of the crisis: the decline in growth rates, the persistent net transfer of resources from the developing to the developed countries, the never-ending rise in indebtedness, the decline in per capita income and consumption, and the widespread increase in poverty and hunger. He quoted figures from the World Bank report that revealed a worsening of the developing countries' situation in regard to health, food and education, clearly showing that the world was in the process of losing the war against poverty and injustice. Worse still, poverty was launching unexpected and deadly counter-attacks, in the form of drug addiction, AIDS and violence, which were rooted in the internal contradictions of the rich countries.

91. Faced with that disastrous situation, the imbalance between the developed and developing world was deepening, for the wealthy countries increasingly took refuge in economic, financial and trade blocs, within which they accorded each other exclusive preferential treatment. Far from wishing to denigrate an improved utilization of resources through the enlargement of economic regions, his delegation only regretted that such political will for integration was not put at the service of understanding and co-operation with the poor countries with a view to creating a world of greater justice and solidarity.

92. The Japanese Government's decision to double its assistance to the Third World and make its conditions more flexible should be greeted as an act of faith in the possibility of international co-operation and an awakening to its responsibilities. It made the mean-spirited attitude to the challenge of international co-operation of certain rich countries, which had no hesitation in pouring billions of dollars into armaments or subsidies to their own agriculture at the expense of that of the developing countries, even more distressing.

93. Nevertheless, development assistance was merely a palliative to the negative structural effects of the Bretton Woods system which had failed in its task of ensuring world stability and growth. To be effective, an international economic system must operate according to the principles of co-ordination among its various elements and equitable distribution of the benefits arising out of them. The need to establish an equitable international order went together with the obligation of countries to work within their own boundaries to build a just and modern society and set up effective economic models. But that internal effort, both public and private, must in turn be able to base itself on an international co-operation that respected national sovereignty and priorities and was conducive to the growth of production, employment and income, as well as social progress.

94. The establishment of a stable and equitable international economic system and the promotion of real co-operation were included among the Council's responsibilities, and it was time for the Council to assume them by proposing a multilateral response to the structural imbalances holding back the development of the third world. In that context, the preparation of the new international development strategy and that of the next medium-term plan for the United Nations system as a whole were instruments that must be used to build a new, fairer and more just system of international co-operation.

95. Instead of blaming the United Nations system and the Council for their own acts or omissions, the members of the Council must accept their role as participants in the building of a model of world development that would satisfy the primary needs of all without sacrificing those of any. His delegation was ready to participate to the full in that effort.

96. The PRESIDENT said that, if he heard no objection, he would, in response to the request of a number of delegations, hold informal consultations on agenda item 3 (*b*).

It was so decided.

The meeting rose at 1.30 p.m.

20th meeting

Thursday, 7 July 1988, at 3.10 p.m.

President: Mr. Andrés AGUILAR (Venezuela)

E/1988/SR.20

AGENDA ITEM 2

General discussion of international economic and social policy, including regional and sectoral developments (*continued*)

1. Mr. DIETZE (German Democratic Republic) said that the current session was taking place against a background of remarkable developments in international relations, ranging from the ratification of the treaty on the elimination of intermediate-range and shorter-range missiles to initiatives aimed at establishing nuclear and chemical weapons-free zones. Those developments offered an opportunity to meet the challenges in international economic relations which the Council must seize. The world could not have both armament and growth. What it must have were disarmament and economic prosperity.

2. If durable foundations were to be laid for economic co-operation and security, there must be no break in the process of disarmament. That had been the motive underlying the withdrawal ahead of schedule of shorter-range nuclear missiles stationed in the German Democratic Republic, the recent forum in Berlin on nuclear weapons-free zones and the recent Potsdam Conference on new approaches to East-West security.

3. It was time for a joint effort to tackle global economic problems, not only to deal with the accumulated economic problems but also to face the new challenges posed by dramatic transformations in economics, science and technology. The Council must think how jobs, food, health care, education and training could be provided for a world population that would have risen to 6 billion by the turn of the century and over 10 billion by the year 2050.

4. In their opening addresses (18th meeting), the President of the Economic and Social Council and the Secretary-General of the United Nations had underlined the dangers of the economic situation. The stock exchange crash of October 1987 had been more than a signal of continuing instability as was shown by the current insecurity of financial markets as well as persistent budgetary and foreign trade deficits. Massive unemployment continued, affecting more than 100 million people. Some 900 million people lived in poverty and more than 500 million were undernourished or starving. In most developing countries, per capita income had stagnated or declined for the seventh year in succession. The debt burden had risen to 1.2 million million dollars.

5. In that situation, international co-operation for the benefit of all and greater economic security for all were urgently necessary. As a co-sponsor of General Assembly resolution 42/165 of 11 December 1987, his delegation expected that the Secretary-General would soon nominate eminent persons from all regions to identify the framework for and the principles of international economic security, and was ready to participate actively in that effort on behalf of the Eastern European region.

6. At a time of growing interdependence, risks to the world economy and developments that affected economic, trade and monetary relations should be identified in good time and brought under control. The United Nations would have an important role to play in implementing such an early warning system. The Council should take a substantive decision at its current session to start work in that direction.

7. It was essential to reach a reasonable settlement of the developing countries' external debt problem as soon as possible. The General Assembly's resolutions at its forty-first and forty-second sessions provided ideas for breaking the vicious circle of under-development, indebtedness, poverty and new debt. Action to that end would not only be reasonable and urgent in economic terms but an act of solidarity with the developing countries. It was the Council's duty to submit proposals for practical solutions to the forty-third session of the General Assembly. His delegation was prepared to take an active part in the relevant negotiations.

8. International monetary and financial relations also needed to be put in order and preparatory work should be started for an international conference on money and finance. The Council could provide an impetus to that end. There were, of course, reservations and differences regarding the approach to such a conference, but a start must be made. Limiting the disorganizing effects of excessive exchange rate fluctuations or agreeing on target zones would be good starting points. The Secretary-General's report on the net transfer of resources from developing to developed countries (E/1988/64) stressed the urgency of practical measures in that direction. The Council should decide in favour of continuing that study, including analysis of the impact of exchange rate fluctuations of major currencies on international payment transactions.

9. The turbulent state of international trade was not conducive to world economic stability. Protectionism must be contained. His delegation would have no objection to a moratorium on new trade obstacles until the end of the Uruguay Round. Such a course would strengthen the consensus reached at the seventh session of the United Nations Conference on Trade and Development.

10. The forthcoming tenth anniversary of the adoption of the Vienna Programme of Action on Science and Technology for Development would be an occasion for taking stock of United Nations action in that field. His country had been associated with several initiatives in that regard, in particular General Assembly resolution 40/178, adopted by consensus on 17 December 1985, and the 1986 and 1987 Council resolutions on science and technology. The Council and the General Assembly, together with other organizations of the United Nations system, had been requested to prepare a programme for the advancement of scientific and technological co-operation. The Council's resolutions on the development of human resources were relevant in that context and preparatory work should be begun on the lines suggested.

11. Despite the great efforts made by its peoples, the critical economic and social situation in Africa had not improved and the need for assistance was more urgent than ever. A large part of his country's aid in 1987 had been devoted to Africa. The Council should ensure that an implementation of the United Nations Programme of Action on African Economic Recovery and Development 1986-1990[1] was thoroughly evaluated and appropriate recommendations submitted to the General Assembly at its forty-third session.

12. His country's assistance to developing countries had increased by 80.1 million marks in 1987, reaching a total of 2.3 billion marks or 0.89 per cent of 1987 national income. In terms of GNP, the aid of the German Democratic Republic had therefore met the 0.7 per cent target figure. That support had been made possible by the country's stable and dynamic economic and social growth. National income had risen by 4 per cent in 1987 and had continued to increase at a rate of 4.1 per cent in the first half of 1988. That economic growth was the result of greater labour productivity and intensified production. The national plan for 1988 demonstrated the country's confidence in the face of new challenges and new conditions.

13. His country was in favour of a new International Development Strategy for the 1990s. Such a strategy should identify and seek to strengthen the conditions favouring economic co-operation and envisage measures that would bring the factors impeding economic development and growth under control. It should take due account of the changes resulting from growing interdependence and the close interrelationship between economic and social problems. It must also address such crucial issues as the elimination of underdevelopment, the settlement of global economic problems and the use of science and technology for development. A development strategy should lead to long-term mutually beneficial co-operation based on equality. His delegation hoped the Council would be able to agree on specific recommendations for the preparation of such a strategy.

14. The tasks that lay ahead required an organization able to act efficiently. Twice since its inception, the Organization had set itself the task of revitalizing its work in the economic and social fields and making it more action-oriented. The United Nations and its agencies must become a more efficient forum for dialogue and for co-ordinated co-operation in tackling the economic and social issues of the present and the future. The work of the Council's Special Commission on the In-depth Study of the United Nations Intergovernmental Structure and Functions in the Economic and Social Fields had shown that the task was not easy. A number of proposals had been put forward and efforts had been made to reshape work programmes, streamline the calendar of conferences and rationalize documentation. Unfortunately, the Special Commission had not been able to agree on recommendations for the Council to put to the General Assembly. The General Assembly, and those bodies which had already adopted concrete restructuring measures, were counting on the Council to complete that work as a prerequisite for the continuation of successful United Nations activities. His delegation was prepared to co-operate constructively to that end.

15. Mr. GHEZAL (Observer for Tunisia), speaking on behalf of the Group of 77, said that international economic co-operation, like the world economy, had long been in a period of decline. He appealed to those who had turned away from such co-operation to accept the changes needed to revive the multilateral dialogue. The multilateral response to the impact of structural imbalances in the world economy on development must be directed towards reactivating development in the developing countries. The results of the seventh session of the United Nations Conference on Trade and Development had constituted, in the Group's view, a first stage in the resumption of such a dialogue among all members of UNCTAD, representing all facets of the world economy. The hopes raised, however, had been partly frustrated by the results of the forty-second session of the General Assembly.

16. The Group had interpreted the agreement on General Assembly resolution 41/202 of 8 December 1986 and the Final Act of the seventh session of the Conference[2] not as an end in themselves but as making the resumption of the interrupted dialogue. Encouraged by certain recent developments, the developing countries were determined to renew the process in a spirit of constructive co-operation that would respect the interests of all concerned.

17. In view of the inexorable increase of world economic interdependence it would seem logical to impose on it a degree of order, respect for agreed rules and above all a certain global balance. The multilateral financial institutions and other authoritative commentators stressed that point continually. Given that need, how could the current economic situation be justified?

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[1] Adopted by the General Assembly in its resolution S-13/2 of 1 June 1986, annex.

[2] See 19th meeting, footnote 1.

The market-economy industrialized countries still seemed to be experiencing one of the longest periods of prosperity since the Second World War. Inflation was contained, unemployment was under control, and economic stability was being strengthened by progress in the co-ordination of monetary and financial policies. The developing countries recognized the effort and the sacrifices that had been made, although they noted that growth was still threatened by structural financial and fiscal disequilibria and distortions in world trade. That unprecedented prosperity, however, had coincided with the deepest, longest and most serious structural crisis of development, leading, chiefly because of the turning away of the developed countries from their partners in the South, to an alarming and dramatic marginalization of the developing countries' economies. The multilateral response, despite the means still available was far from commensurate with the extent of the crisis and the real needs of the developing countries, and was incapable of meeting the requirements for lasting restoration of growth and economic and social development in the developing countries. There would be grounds for a measure of optimism if the conclusions of the Economic Declaration of the Summit Meeting held at Toronto from 19 to 21 June 1988[3] were to be taken as a basis for discussions and multilateral negotiations in the General Assembly, the Economic and Social Council and the Trade and Development Board. The Economic Declaration spoke of the increasing commitment to international co-operation, acknowledged that the performance of the developing countries was of growing importance to the world economy, recognized the link between the debt problem and the threat to the political stability of developing countries, reaffirmed the goal of reducing direct and indirect subsidies and other measures directly or indirectly affecting agricultural trade, recognized the inadequacy of financial flows to developing countries, made proposals to lighten the debt burden of the poorest countries and accepted a commitment to increase the capital of the World Bank by $75 billion with a view to assisting the adjustment efforts of the middle-income developing countries.

18. Despite the many gaps and omissions of the Economic Declaration, the Group of 77 hoped that the Council would agree to transmit appropriate recommendations to the General Assembly placing in their natural global framework a diagnosis and proposals which the Group was prepared to interpret as being oriented towards reactivating growth and world economic and social development, particularly in the developing countries.

19. In that connection, particular attention should be drawn to the current negative transfer of real resources and its impact on the level of investment and consequently the developing countries' capacity for growth, in Africa particularly. The developed countries needed to show a political will to enable the necessary action to be taken in the Council to provide a basis for negotiations in the General Assembly for the preparation of a special Assembly session, perhaps at the highest level, to adopt a new international development strategy.

20. The Group of 77 had noted with interest and welcomed current economic developments in the industrialized countries of eastern Europe. They were convinced they would strengthen international economic and technical co-operation, particularly as regards the central role of the United Nations.

21. The Group remained deeply committed to an International Development Strategy for the 1990s, despite the poor results achieved under the current Strategy. It was not, however, the Strategy itself which was responsible for its non-implementation, but those Member States which had not honoured their commitments. The Strategy's objectives remained valid. The link between the third and fourth Strategies should be maintained, therefore, by bringing some of the suggested targets up to date and devising machinery, based perhaps on appropriate indicators, which would keep the Strategy continuously up to date and anticipate problems and obstacles to growth and development. The Secretary-General's report on the preparation of a new international development strategy (E/1988/67) advocated a realistic approach taking into account the evolution of the world economy and the complexity and diversity of development, including science, technology, communications and, increasingly, the service sector. In the Group's view, the Strategy's philosophy should not be one of aid but one of reactivating growth and development in their countries. Certain modifications should therefore be made in the Secretary-General's proposals. In any event, in terms of the establishment of priorities, the preparation of a new Strategy and of a new medium-term plan were closely linked. The Group would make its position on those matters known in the discussion on the Secretary-General's proposals in plenary in connection with the introduction to the medium-term plan.

22. Mr. OBMINSKY (Union of Soviet Socialist Republics) observed that in the past 12 months international co-operation had been gathering momentum against a background of expanding political dialogue on many major problems, in the course of which a new foundation was being laid for future inter-State relations. For the first time growing political understanding had resulted in the disarmament process moving forward from discussion to action. The treaty eliminating an entire class of nuclear weapons, ratification of which had been completed at the recent Moscow Summit Meeting, was an historic step towards a future without wars and armaments.

23. That was, however, only the first step, and there was still a long way to go. All States would have to make strenuous efforts to make the disarmament process irreversible. The recent tragic incident in the skies over the Persian Gulf, in which nearly 300 completely innocent people had lost their lives, with a consequent escalation of tension in the region, was a sober reminder of that fact.

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[3] A/43/435.

24. The road to peace should also lead to faster economic and social progress, broader cultural and humanitarian ties between nations, and an atmosphere of trust and co-operation in all areas of international relations.

25. The *World Economic Survey 1988* (E/1988/50) was a considerable achievement and pinpointed the main "sore points" of the world economy. Unfortunately the *Survey* concentrated on specific aspects of the economic situation in particular countries and regions and left aside general trends in the integrated world economy.

26. His delegation believed that analysis of the realities of the present situation made it possible to identify the trends that might shape the world by the turn of the century. There would be a gradual demilitarization and humanization of international relations, based on reason, knowledge and moral principles rather than selfishness and prejudice as the motivating forces of States, which could lead to the resolution of numerous contradictions and the achievement of a balance of interests with recognition of the right of each to freedom of choice. State security would shift progressively from correlating military potentials to political interaction and strict fulfilment of international commitments. A universal system of international security would take shape, primarily through enhancement of the role and effectiveness of the United Nations. The huge strides in scientific and technological potential would be directed in a more civilized manner to the common solution of global economic, ecological, energy, food, medical and other problems for the benefit of mankind as a whole. The diversified and voluntary intercourse of independent States and peoples would serve their mutual enrichment, both material and spiritual, and reinforce the structure of universal peace.

27. In the past, discussion of prospects for world economic development had tended to centre on a comparison of forces. The present need was to identify a balance of real, even if conflicting, interests, and to establish areas of economic convergence rather than repulsion or confrontation. One feature of present-day international economic development was the acceleration in the formation of linkages between national economies within which frequently heterogeneous internal economic processes were developing. The consequence was that countries which had achieved significant economic, scientific and technical progress co-operated closely not only among themselves but also with countries with totally different systems of production, accumulation and consumption. The failure to regulate such interconnections often resulted in distortions that were of dubious advantage to some and caused obvious damage to others. For example, the indebtedness of the developing countries had reached a level of $1.2 million million and had led to stagnation and even a decline in living standards and production indexes. The debtor countries were unable to repay debts on a regular basis, and creditor countries were virtually unable to reclaim their loans. No one would suggest the developing countries had gained from that situation and many Western creditor countries were facing the contraction of exports to the developing countries and growing instability of the monetary and banking systems.

28. The present-day economically interdependent world could be compared to a living organism. If disease struck one part of it the general condition worsened. The situation in the developing world could not fail to affect other countries. His delegation believed that the most important thing the international community could do was to recognize unequivocally each country's freedom to choose its social and economic system and decide on its priorities for economic development. He believed that only a sovereign State, represented by its legitimate government, had the right to determine the optimum combination of State, co-operative, private and other economic sectors, and to regulate the scale of local and foreign business activities, in line with its own specific development priorities. To deny States such rights under pretext of their grave economic difficulties would be tantamount to the continuation of the discredited policy of power and *diktat*.

29. The Soviet Union's economic assistance was aimed at contributing to the solution of the social and economic problems of the developing countries in accordance with the policies of their choice. In 1987 economic assistance had been provided to an amount of 11.7 billion roubles, which was equivalent to 1.4 per cent of the Soviet Union's GNP. 1.5 billion roubles, or approximately 0.2 per cent of Soviet GNP, had gone to the least developed countries.

30. The world market could not be reduced to the markets of North America and Western Europe and countries within their orbit, and serious thought should be given to shaping a genuine modern market governed by the principles of civilized, correct and respectful attitudes to one another on the part of all participants. The past year had confirmed the need for stability and predictability in world economic relations, and his Government wished to stress once again the importance of the early detection of problems as they emerged so that international and national action could be taken to avert their negative consequences. That was a subject to which the Council should give thorough consideration during the session. His delegation was convinced from its experience in co-ordinating macro-economic policy that growing interdependence should not be left to develop haphazardly and that it called for a radical solution. There were good prospects for wide-ranging consultations on a non-partisan basis to assess the current state and prospects of the world economy, particularly as regards the most acute problems, such as external debt and ecology. His Government's recent initiatives in that field had been designed to foster a universal and non-confrontational dialogue with a view to concerting the efforts of all countries—a concept of international economic security which would make it possible to improve existing relations on the basis of objective laws governing the functioning of the world economy, and to develop such relations along positive and equitable

lines. The Soviet conception of world economic security as an integral part of the comprehensive system of international security aimed above all to set the stage for co-operation free from confrontation and covering the entire spectrum of world economic ties. The Soviet Union's policy was a long-term one, which it was endeavouring to make more predictable for the international community because such a step was beneficial to the Soviet Union itself as well as to other participants in the international division of labour.

31. *Perestroika* and Soviet foreign policy, based as they were on new thinking, not only constituted a long-term programme for the development of Soviet society, reaching into the twenty-first century, but were already a dynamic objective reality. *Perestroika* affected all spheres of life—political, economic, social and ideological—and the recent nineteenth All-Union Communist Party Conference had confirmed that the Soviet Union had decisively entered upon the path of shaping a new image for socialism, developing socialist democracy and implementing radical economic reform. Work had begun on the task of radically changing economic structures on the basis of recent advances in science and technology and implementing a new structural policy to ensure the acceleration of socio-economic development. The *Survey*'s presentation of the economic reforms under way in the socialist countries, particularly the Soviet Union, was balanced and candid, and he hoped that that authoritative analysis would promote a more profound and unbiased understanding of the economic processes going on in the Soviet Union and their integral relationship with initiatives in its foreign policy.

32. His Government favoured a more vigorous and comprehensive dialogue on international economic policy, in which the Council as the main United Nations co-ordinating body in the social and economic fields could play a central role. The Council's operations should be made more efficient to enable it to discharge the functions entrusted to it by the Charter. The Council should exercise its right to make recommendations to the specialized agencies and to seek their opinion on resolutions and decisions adopted by the General Assembly and the Council on matters within their competence. His delegation supported the Secretary-General's efforts to involve the specialized agencies and other members of the international community in solving the most urgent current problems, including the mobilization of aid to the countries of Asia, Africa and Latin America. He expressed appreciation of the promptness with which the Secretary-General had responded to Afghanistan's request by undertaking to draft an emergency relief programme for that country. His delegation also supported the WHO/UNICEF goal of reducing the scale of preventable childhood death through the most effective methods, as was affirmed in the joint communiqué issued by the Soviet Union and the United States of America at the conclusion of their recent summit meeting.

33. His Government also favoured a vigorous co-ordinated approach to international economic problems on the part of other multilateral trade, economic and financial institutions, provided they conducted their activities democratically and ensured the participation in their work of all interested countries. He reaffirmed his country's interest in establishing closer relations with GATT and participating in the Uruguay Round of multilateral trade negotiation on a basis of full rights. The recent establishment of formal relations between CMEA and the European Communities was further evidence of his country's readiness to develop closer contacts with various economic groups and international economic organizations on the basis of the principles and rules generally recognized in the world economic community. That would undoubtedly contribute to the development of mutually beneficial co-operation between East and West. His Government welcomed the proposal for European conferences on economic co-operation, science and technology, the environment, the peaceful settlement of disputes, etc. made by nine neutral and non-aligned countries at the Vienna Conference on Security and Co-operation in Europe.

34. As far as nuclear disarmament was concerned, a new era was beginning. The practical measures already taken had released some resources for all participants in the negotiations, and the Soviet Minister for Foreign Affairs had emphasized at the 12th meeting of the fifteenth special session of the General Assembly—the third Special Session of the Assembly on disarmament—that the experience had encouraged Soviet determination to further disarmament as a means of increasing assistance to developing countries. He believed that it would be appropriate to establish a disarmament for development fund, in which the Soviet Union would be prepared to participate. His Government also intended to initiate a comprehensive study on the conversion of military industries to civilian purposes and to draw up plans to that end at the national and local levels.

35. His delegation hoped that the session would help to identify areas of convergent interests of the various countries and develop and strengthen mutual understanding and trust in all major aspects of international co-operation.

36. Mr. LABERGE (Canada) said that the topic before the Council was structural imbalances in the world economy and the role multilateral institutions could play in managing and adjusting to them. Global economic growth had been slower than predicted in the past half decade and many different imbalances had added economic pressures to countries already faced with difficult external and domestic situations. The external imbalances included, primarily, current account imbalances among the industrialized countries, large external debt-servicing requirements in many developing countries, growing trade surpluses in some Asian countries, and fundamental realignments of major trading currencies. Those external imbalances were often rooted in internal imbalances, caused by the pursuit by many countries, including Canada, of domestic policies based on budget deficits and inappropriate domestic choices,

all of which distorted and retarded sound economic growth.

37. The world economy was responding by a gradual return to equilibrium without provoking new and potentially more disastrous constraints. On the external trade imbalances among industrialized countries, the Toronto Summit Meeting had confirmed that adjustments would continue on the trade policy, currency and domestic adjustment fronts, aimed at promoting non-inflationary growth and strengthening global economic confidence. That was good news for the developing countries, largely dependent on growth in the industrialized countries for the expansion of their own trade. As far as debt was concerned, progress had been made on the commercial debt of the middle-income debtors and on the official debt of the poorest of the developing countries. The Summit Meeting had endorsed a wide variety of innovative financial instruments, thus opening a number of options for the debtor countries. The terms of official development debt had been further eased for the poorest countries, the Paris Club had become more flexible, and IMF had set up an enhanced structural adjustment facility and increased the flexibility of its compensatory financing facility. Perhaps the most important point was the agreement to increase the World Bank's capital by $75 billion. Canada had been proud to play a role in those efforts.

38. Despite all the efforts to manage and nurture the world economy, projections for global growth continued to be modest and the modest growth achieved had not been equitably distributed. In a number of countries, including the very poorest, per capita incomes had declined over the past eight years. Others, chiefly the newly industrializing economies in Asia, had experienced dramatic growth based largely on market-oriented manufactured exports. The large currency shifts of the past eight years also pointed to fundamental adjustments on a global scale. Slow growth overall had made those adjustments more difficult and demanded continuous adjustments in national economies.

39. Domestic structural adjustment had always existed in every country. Global realities currently dictated that such adjustment should be made in a more concerted and planned fashion. Adjustment was more effective when planned and undertaken in a number of countries. For example, the efforts of the seven industrialized countries to reduce inflation at the same time had had a stronger impact on the global economy than if they had not been co-ordinated. The Uruguay Round was a collective effort to resist protectionism at home and to manage the inevitable international changes. Agricultural policy was a prime example of the interplay of domestic and international adjustment. The international and domestic price of domestic agricultural protection was high in developed and developing countries alike. The Uruguay Round was a major opportunity for all countries to adopt a more market-oriented and less protectionist approach to agricultural trade. He urged all Member States to contribute to the success of the negotiations on reforming the GATT system, market access, tropical products, agriculture, and such new issues as investment and services. Canada was keen to encourage the participation of developing countries in the Uruguay Round and had launched several programmes to assist them in determining their own interests and increasing the effectiveness of their participation.

40. Appropriate national policy responses were crucial to effective international action. Economic adjustment was taking place in the domestic economies of all countries, whether they adhered to the market-economy, centrally-planned or any other type of system. A continuous process of domestic structural adjustment and a domestic economnic policy approach that responded quickly and effectively to changing external realities were the key to sustainable economic growth.

41. The main question that the Council must address in discussing international economic and social policy was the Council's role in the multilateral adjustment context. As the principal economic and social co-ordinating body of the United Nations system, it was uniquely placed to ensure that the activities of the system complemented the action being taken elsewhere and to focus those activities more directly on assisting the adjustment efforts of individual countries. It could further those objectives in a number of ways.

42. First, it could and should keep attention inside the system centred on the need to reform and improve the quality and quantity of the work done by the different component parts. The process of reflection on what the individual bodies were doing, how they fitted into the overall picture, and whether there was a better way to do the job at less cost, which had begun with the Special Commission, had started a momentum that must be maintained. In that connection the Council could count on his delegation's full support. Second, in reviewing the work of the bodies reporting to it, the Council should be prepared to make honest judgements about the actual value of the end-product. Third, the Council should follow that up by formulating specific recommendations about the way in which work in individual bodies could be made more immediately relevant to the real needs of Member States. Lastly, in the way in which it dealt with the specific questions and issues before it, the Council must be realistic about what it and the United Nations system could actually accomplish. The credibility of its work and its international impact depended directly on the accuracy of its analyses, the carefulness of its consideration of issues and the practicality of its agreed views and recommendations. It had been suggested that one reason why the Council did not fulfil its role better was that many industrialized countries had chosen other forums. If the professionalism of its analysis and debates could be increased, the level of polemic lowered and its reputation for relevance improved, it might attract more attention at the ministerial and other high levels, as suggested by the Secretary-General (18th meeting).

43. The experience of the major industrialized countries over the past eight years showed how difficult it

was to co-ordinate multilateral and national responses, even in the face of obvious need, when general goodwill and serious commitment existed, and where all the parties recognized their common interest. That difficulty underlined the complexity of the international economic environment and the continuing challenge it posed to all countries, developed and developing alike. The Council's main task was to ensure that when its deliberations were finished and its work completed, there was a greater understanding of the problems faced by all countries, individually and collectivelly, and a better sense of what had to be done to resolve them. His delegation would co-operate closely with others to achieve that end.

44. Mr. GRANT (Executive Director, United Nations Children's Fund) said that important advances had been made in the four areas of opportunity he had outlined to the Council in 1987.[4]

45. The first was the tempering of policies to protect the most vulnerable during periods of adjustment, an approach that had come to be known as "adjustment with a human face". It called for increased protection of investments in the social sector during adjustment and for a restructuring of expenditures to focus on cost-effective measures to protect the neediest. Consensus on the need for strengthening the approach had been voiced by all at a February meeting on the human dimensions of adjustment policies held by the Executive Heads of the five agencies principally concerned.

46. The second area was concerned with making the most of social sector resources to meet the needs of the most vulnerable over the longer term. Recent breakthroughs in child health care showed that significant progress could be made at low cost even in times of economic retrenchment provided Governments were willing. In August 1987, WHO had announced that the immunization coverage of young children against the six main child-killing diseases had reached a level of 50 per cent world wide, as compared with less than 10 per cent in 1980. UNICEF had been able to report that in 1987 the lives of some two million children had been saved, and a comparable number had been rescued from lives of crippling disability caused by childhood diseases, as a result of two campaigns alone—immunization and the use of oral rehydration therapy. Thanks to the iniatives launched by African countries in the mid-1980s, with both multilateral, including United Nations participation, and bilateral co-operation, 100,000 fewer children had died in 1987 than in 1985. That achievement was in strong contrast with the steady rise in child mortality in Africa since 1970 and belied the predictions of demographers that child deaths would continue to rise steadily at least into the coming century.

47. At a meeting held in mid-March 1988 by the International Task Force on Child Survival, attended by a dozen health ministers and secretaries from major developing countries, bilateral aid agency administrators and leading figures from the Rockefeller Foundation and Rotary International, it had been agreed that with modest political will, the 1980 child death rate could be cut by more than half by the end of the century. That would mean that well over 100 million children would be saved from death or disability over the coming 12 years and would help to slow population growth as families became confident that their children would live. He was encouraged by the increase in the attention given by leading politicians to the prospect of progress along those lines. In mid-1987 the OAU had given priority attention to issues concerning children, and had adopted several major resolutions on those matters at its 1988 Summit Meeting. They included a renewed commitment to achieving the goal of universal child immunization by 1990, an enthusiastic endorsement of the Bamako Initiative, which called for universal maternal and child care supported by a greatly expanded supply of essential drugs, major increases in external financing and supply, and the increased mobilization of local resources, as well as early United Nations action on the Convention on the Rights of the Child. At the recent Moscow Summit Meeting, General Secretary Gorbachev and President Reagan had reaffirmed their support for the goal of reducing preventable childhood deaths and urged other countries to intensify efforts to achieve that goal.

48. The question of the adoption of a Convention on the Rights of the Child would not come before the General Assembly until 1989, but he was pleased to note the progress made over the past year, including the Council's valuable contribution.

49. Turning to the need for enhanced global co-ordination and co-operation to combat AIDS, he said that the test of success was not co-ordination in the authority structure but the practice of co-operation. In 1987 the General Assembly had for the first time discussed AIDS in plenary session. The Under-Secretary-General for International Economic and Social Affairs had been appointed by the Secretary-General to co-ordinate United Nations activities for the prevention and control of the disease, and had subsequently established a Steering Committee comprising the heads of all programmes, departments and agencies concerned, and a Standing Committee to serve as a working group of the Steering Committee. Since the launching of the Global Programme on AIDS under WHO leadership in February 1987, an unprecedented mobilization had occurred, and most United Nations organizations and offices in the economic, social and human rights fields had begun to plan their contributions to the Programme.

50. If the United Nations system was to play the major role required to meet the challenges of protecting the health and well-being of the world's children, it would have to draw upon the varied strengths within the system and bring them to bear in a better co-ordinated manner, which would require a considerably strengthened role for the Council. Among the events that had moved the system in that direction was the Council's decision to support the Director-General in carrying out case studies on the system's operational activities at the

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[4] See *Official Records of the Economic and Social Council, 1987, Plenary Meetings*, vol. II, 21st meeting, paras. 65 and ff.

country level. The "Jansson Report",[5] which had emerged, was one of the best documents prepared on that subject. General Assembly resolution 42/196 of 11 December 1987 on operational activities for development also marked a decisive advance. Both of those important texts had been thoroughly discussed by the Executive Board of UNICEF, whose report had been transmitted to the Council (E/1988/18, annex III). Among the key points that had emerged from discussions were the need to formulate the right goals at the beginning of collaboration efforts, and to ensure that they related to high priority areas in which a concerted commitment by the international community was crucial to success. UNICEF believed collaboration could best be directed to such goals as the acceleration of progress in relation to the social dimensions of the adjustment process, strengthening the role of women in development, and achieving increases in child survival through primary health care measures, such as universal immunization. The support expressed by major international figures showed that leaders would contemplate committing their national capacity to specific new development goals, provided that they were presented with the evidence of innovative thinking and with feasible opportunities.

51. Such international mobilization would require the Resident Co-ordinator to play a more effective role. Under the guidance of the recipient government and in collaboration with his United Nations partners, he could assist in identifying key areas and help to mobilize collaboration around them. That process would also require more regular programme-oriented meetings among the United Nations organizations and their partners at the country level in order to agree on specific plans that were explicitly monitored, with stronger senior-level oversight from headquarters. The progress made could then be clearly reported to the Council for its review and guidance. Such international and country-level mobilization could be achieved within the existing mandates of United Nations bodies and of the Resident Co-ordinators. It was essential to build on the strengths of the participating partners, not weaken or destroy them. As its Executive Board recognized, UNICEF's country programming approach was one such strength. In short, what was needed was not so much new structures as far more effective use of existing ones.

52. Another point stressed in General Assembly resolution 42/196 and by the Executive Board was the valuable work being done by the Joint Consultative Group on Policy, comprising UNDP, UNFPA, WFP, IFAD and UNICEF representatives. There too the emphasis was on mobilizing inter-agency country-level efforts within each organization's mandates and procedures. He was particularly pleased that significant progress had been made in a number of areas of joint or collaborative programming.

53. The adverse international economic climate was taking a heavy toll on hundreds of millions of children and mothers in the developing world, particularly in Latin America and Africa, where per capita incomes were well below those of 1980. Remedial action was being taken, as in the adjustment with a human face approach and in the sentiments expressed at the recent Toronto Summit Meeting, but all too often what was done was too little and too late.

54. The major new effort urgently needed to restore development momentum in Africa and other parts of the debt-distressed third world would benefit the North as well as the South. Restoration of more balanced growth throughout the developing world would substantially increase the demand for imports from the industralized countries—by more than $100 billion annually. In its turn, it would greatly facilitate the restructuring of the economies of the industrial West, which were threatened by the danger of the American balance-of-payment deficit and the surpluses of Japan and Western Europe, particularly the Federal Republic of Germany. A recent study conducted for the World Institute for Development Research indicated that the restructuring of industrialized country surpluses through foreign aid and other financial transfers to the third world would have a far more rapid and beneficial impact on global restructuring than comparable expenditures on domestic expansion. Industrialized countries would do well to look to middle- and low-income countries for export markets to help them restructure with growth, on the lines on which the Marshall Plan had operated, which had increased growth and development in Europe and Japan and also laid the basis for decades of United States prosperity.

55. The principal approaches and measures he had advocated involved taking greater account of the human dimension during the adjustment process, pursuing ambitious yet realistically achievable human goals for the last decade of the century, ensuring the adoption in 1989 of the Convention on the Rights of the Child, streamlining the capacity of the international community to co-ordinate responses to the AIDS pandemic, strengthening collaboration throughout the United Nations system, and taking bold steps to influence global economic policies that recognized rapidly increasing economic interdependence. The challenges were clear, and the opportunities were there for effective action which could play a major catalytic role in saving lives and increasing the well-being of the poorest among the human family, while building a sound foundation for the future of civilization.

56. Ms. SADIK (Executive Director, United Nations Population Fund) said that, since 1980, UNFPA had mobilized and made available to developing countries over $1.2 billion in grant assistance. It had also assisted them by providing services on accumulating the data, knowledge and expertise required to integrate population factors and policies into their overall development plans. It had played an essential part in raising awareness of population problems and of the need for action to solve them in industrialized and developing countries alike, at all levels of society. Its most successful awareness-building campaign had taken place in

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[5] E/1987/82/Add.1, annex.

1987. The report of UNFPA on the state of the world population in 1988, entitled "safeguarding the future", which had achieved world-wide coverage and had been devoted to the implications of a world of 5 billion in 1987 and 6 billion in the year 2000, had been well received. In over 190 countries, 11 June 1987 had been observed as the "Day of the Five Billion". The Secretary-General had launched the occasion, addressing a youth group in Yugoslavia on that day.

57. Since she had assumed office 14 months previously, the UNFPA Governing Council had approved 47 multi-year large-scale country programmes, including 30 in sub-Saharan Africa. Energetic measures had been taken during the year to expand UNFPA's staffing in the latter region by over 50 per cent in order to improve programme implementation. The major strategies for assistance to that region, and to strengthen the Fund's capacity to deal with issues concerning women, were being actively implemented. During the year UNFPA had undertaken a far-reaching review of population matters and of its own role. The results would be presented to the Council in 1989, but substantial progress could already be claimed in programming, integration with other development areas and co-ordination among development agencies at national and international levels.

58. The need, stressed in the Jansson Report and in General Assembly resolution 42/196 of 11 December 1987, for greater integration and co-ordination of United Nations operational activities had been a cornerstone of all UNFPA tasks during the past year and would remain her highest personal priority. She had instituted a series of interorganizational consultations in the Joint Consultative Group on Policy (UNDP, UNFPA, WFP, IFAD and UNICEF) as well as with other organizations within and outside the United Nations system. In that connection, the Fund acknowledged the strong support received from UNDP and its Administrator. She had also introduced procedures to ensure that co-ordination issues were systematically considered when country programmes were formulated.

59. Developed and developing countries alike had become more directly concerned with population programmes. Major industrialized countries, Japan foremost, had generously raised projected UNFPA income for 1988 to a record level of $1,767 million. In 1988 the Soviet Union had become a donor to UNFPA for the first time. Among developing countries, Brazil and Algeria had initiated major national programmes and 10 African countries had adopted national population policies in 1987. Several countries, including Pakistan and Zimbabwe, had adopted integrated population and national conservation strategies, and other countries were considering them.

60. The Fund had also discussed current policy issues with its colleagues in the Joint Consultative Group on Policy and bilaterally with other agencies, dealing with population questions and social development programmes generally, in the current structural adjustment programmes of many developing countries. It had stressed the importance of women's contribution to national economies, and was proud of the fact that all its programmes demanded women's explicit involvement.

61. The responses had been highly encouraging. Not only did many agencies recognize the need to attach higher importance to social development aspects but those responsible for framing and implementing social policies and programmes had come to recognize the importance of greater programme cost-effectiveness, attention to areas of greatest need and the maximum use of all available human and financial resources.

62. Africa, which had a fragile ecosystem and a population which had already increased by over 500 per cent during the current century and would increase by over 260 million more by the year 2000, faced formidable challenges. Fortunately, the adverse impact of population factors had become increasingly recognized. The Kilimanjaro Programme of Action for African Population and Self-reliant Development,[6] the United Nations Programme of Action for African Economic Recovery and Development 1986-1990 and the Khartoum Declaration: "Towards a Human-focused Approach to Socio-economic Recovery and Development in Africa"[7] exemplified the response to that recognition. During the decade of the 1990s great progress could be made, at relatively low cost, to reduce the current 3 per cent population growth rate. According to World Bank estimates, if the direct costs of fertility reduction programmes in sub-Saharan Africa were increased from the 1986 level of $100 million a year (50 per cent of which had been externally funded) to $640 million in the year 2000, the growth rate could be reduced by more than one third, to a level below 2 per cent a year.

63. The promotion of international development in the 1990s was a major concern of the Council. The aim was rapid yet sustainable economic growth with a better balance between economic and social development. The need was for strategies to focus more on social aspects than in the past. Any strategy for the 1990s must give due attention to socio-economic matters of importance to developing and developed countries alike, such as the advancement of women, greater attention to the role and needs of the family, the AIDS epidemic, employment, income security and poverty eradication, research into family planning and internal and international migration, and policies to foster human energy, ingenuity and initiative.

64. It was important that strategies for the 1990s should take into account the proven effectiveness of such inexpensive but highly important "interventions" as family planning, primary health care and oral rehydration which, if further improved and more widely

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[6] Adopted by all the African Governments at the second African Population Conference, held at Arusha (United Republic of Tanzania) from 9 to 13 January 1984. See E/ECA/CM.10/14, annex II.

[7] Adopted by the International Conference on the Human Dimension of Africa's Economic Recovery and Development, held from 5 to 8 March 1988. See A/43/430, annex I.

used, especially in the least developed countries, could help to bring about more favourable socio-economic conditions. Other positive factors would be the increased availability of new technology and improved knowledge of the interrelationship of environment, population and development. Rapid population growth could threaten the stability of global, as well as local and regional ecosystems.

65. UNFPA's State of World Population report for 1988 acknowledged that much remained to be learned. It was a sad fact that so little was known about the relationships between population growth and distribution, resource use and the production of waste, and the prospects for economic growth with environmental stability. But rapid population growth was undoubtedly one of the most serious factors. Although industrialized countries no longer experienced such growth, they had considerable responsibility in the matter. Their contributions to UNFPA and other organizations oriented towards social development showed their willingness to help confront the problem. They had other equally important responsibilities—for example, to reduce their own excessive contribution to resource depletion and environmental degradation, to design safe, accessible technologies for developed and developing countries alike, and to establish trade and investment patterns to promote conservation and balanced economic growth.

66. Dame Ruth BARROW (Observer for Barbados) said that her delegation fully supported the statement made by the Observer for Tunisia on behalf of the Group of 77. It was appropriate that the current discussion should focus on the question of a multilateral response to the structural imbalances in the world economy, particularly as they related to development. The answers found would be indispensable guides for the years ahead.

67. The situation was not heartening. For much of Latin America, the Caribbean and Africa external indebtedness remained the main obstacle to resumed economic growth. Many countries were utterly unable to repay debt under existing terms; others faced unprecedented social and political problems, with a disproportionate burden borne by the poor. Debt repayment capacity had been impaired by falling commodity prices and the persistence of non-tariff and other new barriers to the developing countries' exports.

68. The multilateral response to structural imbalances had contributed to that situation. The industrialized nations' largely unco-ordinated approach to domestic difficulties had created problems for the developing countries' more vulnerable economies. When co-ordination had been attempted the developing countries' concerns had usually been ignored, often with disastrous consequences. Although efforts had been made to deal with the developing countries' external indebtedness, the problems of some categories of debtors, notably the lower, middle-income countries, remained unsolved and little attention had been paid to the political and social implications of structural adjustment measures.

69. The trend appeared to be away from a multilateral approach to critical world economic problems. It was both a symptom and a cause of the weakening of the mechanisms built up during the past four decades, and came at a time when the United Nations system had taken on new importance in monitoring social and economic problems.

70. That fact was evident from the report entitled "Main research findings of the system on major global economic and social trends, policies and emerging issues" (E/1988/65), in which the Secretary-General placed due emphasis on the role of human resources development. Barbados knew that its main asset was its people and realized that more rather than less of its financial resources must be directed to human resources development if current hardships were to be overcome. Whatever the short-term gains of the structural adjustment measures prescribed by international financial institutions, the curtailment of health, education and welfare programmes was bound, in the long term, to erode the basis for self-sustained development.

71. Women were always among the first to suffer from economic hardships and the cumulative effect of rationalization programmes, especially in some countries of Africa and the Caribbean where households were matrifocal, had been tremendous. It was time a more enlightened approach to economic development was adopted, giving due weight to particular socio-economic features of developing countries and eliminating the exploitation of women.

72. The World Commission on Environment and Development (Brundtland Commission)[8] and the General Assembly debate on the subject showed that the environment was threatened both by the poor and underdeveloped and by the successfully developing. While greater attention needed to be given to the environmental implications of development, as was being done by the World Bank and other development institutions, increased emphasis on environmental considerations should not result in the attachment of new conditions to the provision of resources, which might deprive developing countries of the financial assistance vital to environmental preservation programmes. Developing countries should receive financial support permitting the sacrifice of economic objectives in favour of environmental preservation.

73. Barbados recognized the importance of indigenous entrepreneurs in economic development and had taken steps to foster their development, financially and through technical support and advice. Those efforts could not, however, succeed in an unfavourable external environment. External impediments, such as protectionist trade barriers, should be removed.

74. In view of the apparent reluctance of some governments to recognize the reality of the net outflow of resources from developing to developed countries, she welcomed the growing consensus in the World Bank and IMF that the poorest and most indebted countries were

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[8] A/42/427, annex.

beginning to get less in combined aid each year than they paid in interest and principal to the two organizations, which had taken some steps to increase their lending. The general capital increase in the World Bank and IMF's enhanced structural adjustment facility were positive measures in that context and pointed to the need for a more realistic approach within the United Nations system to the issue of the net transfer of resources from developing to developed countries. She was confident the Council's deliberations would be a positive force to that end.

75. Mr. QIAN Jiadong (China) said that in view of the impact of structural imbalance in the world economy on the developing countries, the question of a multilateral response merited in-depth consideration. The world growth rate was still low. Although the stock market fluctuations of October 1987 had not seriously influenced the world economy, they were indicative of the turbulence resulting from the cumulative effects of structural imbalances. Although the developed countries' economic growth had been faster than expected and the trade imbalance among major developed countries had been slightly reduced, structural imbalances, financial fluctuations, trade frictions and the developing countries' debt burdens continued to be elements of instability.

76. One salient expression of imbalance was sustained growth in the developed countries and stagnation or regression in the developing countries, whose situation was increasingly desperate. The developing countries were still beset by fluctuating exchange rates, rising interest levels, dwindling capital flows, increased protectionism and other adverse factors. The high price they had paid for adjustment had brought them little in return. Their growth rate had fallen from 2.9 per cent in 1986 to 2.7 in 1987 and per capita income had declined for one fifth of the developing countries' populations. Redressing the structural imbalance, narrowing the gap between developed and developing countries and reactivating economic growth were urgent tasks for the international community.

77. Debtors, creditors, international financial institutions and commercial banks had adopted new approaches to relieve the debt burden, but to little effect. The heavy debt service burden had affected the debtor countries' development and social stability. In Latin America, for example, the growth rate had fallen from 3.6 per cent in 1986 to 2.5 in 1987. The world community was unprepared to meet the coming peak in debt servicing, which would be catastrophic for debtors and creditors in the absence of an improved strategy. His Government called for serious talks among all concerned to find mutually acceptable programmes to ease the developing countries' debt burden.

78. Economic growth in Africa still lagged behind population growth. Prices of the major commodities remained very weak. Although terms of trade for Africa as a whole had improved and export income had risen slightly, earnings in real terms were far below those in the early 1980s. Capital flows into the sub-Saharan region had taken an upturn since 1987, but the shortage of funds persisted because of debt servicing. More must be done to help the sub-Saharan countries. His delegation welcomed recent OAU proposals and the proposals of some developed countries to forgive some sub-Saharan country loans.

79. Another expression of the world structural imbalance was the huge budget deficit of the largest developed country and the tremendous imbalance of payments among the major developed nations. The imbalance had encouraged protectionism in the major developed countries and in the new round of multilateral trade negotiations some developed countries were trying to reduce or eliminate trade preferences to developing nations. In order to offset major developed countries' budget and balance of payments deficits, tens of billions of dollars were flooding the developed nations' currency and financial markets, a potential source of trouble, while the developing countries had difficulty in mobilizing funds for their economic development needs.

80. To mitigate those difficulties, the developed countries should expand preferential treatment to low-income developing countries and take developed country interests fully into account in the new round of multilateral trade negotiations. Commercial banks and private capital should be encouraged to provide funds for the developing countries, and the developed countries should take steps to ease the burden of interest-rate and exchange-rate fluctuations.

81. A long-term effort of multilateral co-operation was needed to remove the structural imbalance. Some work had been done by the General Assembly and subsidiary organs and the specialized agencies in recent years. Examples were resolution 41/202 of 8 December 1986, the first General Assembly resolution on debt and the Final Act of the seventh session of the United Nations Conference on Trade and Development.[9] Multilateral action was, however, still weak and slow. The General Assembly should give the problems greater attention. The specialized agencies and subsidiary bodies should improve their efficiency, and ACC should submit action-oriented practical guidelines and policy measures to strengthen the system's contribution.

The meeting rose at 5.55 p.m.

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[9] See 19th meeting, footnote 1.

21st meeting

Friday, 8 July 1988, at 10.10 a.m.

President: Mr. Andrés AGUILAR (Venezuela)

E/1988/SR.21

AGENDA ITEM 2

General discussion of international economic and social policy, including regional and sectoral developments (*continued*)

1. Mr. SRIVASTAVA (Secretary-General of the International Maritime Organization) stressed the importance IMO attached to co-operation with the agencies and bodies of the United Nations system. Since its inception, IMO, which currently had 132 member States and one associate member, had developed international standards for the safety of shipping and environmental protection, incorporated in a large number of codes, recommendations and resolutions. Those instruments were the outcome of close collaboration among member States, representatives of industry and many non-governmental organizations.

2. In 1981 the IMO Assembly, in its resolution A.500 (XII), had unanimously decided to promote the global implementation of conventions and protocols already adopted and to apply well-defined rules to the preparation and adoption of new international instruments. In particular no new or revised regulations would be adopted without taking into account the experience gained with previous instruments or making a cost-benefit analysis. That policy had borne fruit. Over 400 acceptances of IMO conventions had been received during the past four years and no less than 23 IMO conventions and instruments had entered into force. IMO would continue that policy and intensify efforts to ensure the effective application of the regulations.

3. Within the framework of that policy, IMO had continued to promote efforts to improve safety at sea and prevent marine pollution from ships. It had taken immediate steps after the capsize of the *Herald of Free Enterprise* off Zeebrugge in March 1987 and, after consultations with the United Kingdom Government and other interested Governments, had made a number of important amendments to the International Convention on the Safety of Life at Sea, of 1974, providing for additional safety measures. Referring to the tragic explosion on an oil platform off Scotland on 7 July, he assured the United Kingdom Government that it could count on IMO's assistance.

4. On the question of unlawful acts against the safety of maritime navigation, IMO, in response to the General Assembly's request, had welcomed the proposal by Austria, Egypt and Italy for the development of an international convention on that matter. As a result of work expeditiously carried out by an *ad hoc* preparatory committee, a diplomatic conference convened at Rome on 1 March 1988 had adopted two international treaties by consensus for the suppression of illegal acts against the safety of maritime navigation and against the safety of fixed platforms located on the continental shelf. Before adoption of the treaties, IMO's Maritime Safety Committee had recommended a series of measures to prevent unlawful acts against passengers and crews on board ships. The guidelines had been circulated to Governments and interested organizations.

5. The Maritime Safety Committee had also completed preparations for a conference to be organized in November 1988 to harmonize inspection and certification requirements under IMO's major safety conventions and adopt a new international Global Maritime Distress and Safety System. In the field of marine environment protection, IMO continued to monitor implementation of the International Convention for the Prevention of Pollution from Ships, of 1973, and work was under way to include maritime pollutants in the International Maritime Dangerous Goods Code. IMO also provided secretariat facilities for the Dumping Convention of 1972 and was studying the question of disposal of low-level radioactive waste.

6. IMO particularly welcomed the adoption of General Assembly resolutions 42/186 and 42/187 of 11 December 1987 on environment and development, since it shared the view that "sustainable development, which implies meeting the needs of the present without compromising the ability of future generations to meet their own needs, should become a central guiding principle of the United Nations, Governments and private institutions, organizations and enterprises." It endorsed the General Assembly's guidelines and in particular would continue to strive, with UNEP, to promote a global response to the problems of the environment and development.

7. In the legal field, IMO had completed the preparation of a draft convention on salvage for submission to a diplomatic conference. In co-operation with UNCTAD, IMO was considering the subject of maritime liens and mortgages. The Convention of 1965 regarding facilitation of international maritime traffic had recently been amended to take account of developments since its adoption.

8. All the Governments of IMO's member States were ready to apply the rules and standards adopted, but not all of them had the resources or technical expertise to do so. In order to assist the developing countries, the IMO Assembly had accorded the highest priority to training and technical co-operation. The programme had been implemented with financial assistance from UNDP and a number of Governments and donors. In order to provide developing countries with national experts familiar

with the most advanced techniques, IMO had adopted a strategy whose three main lines were the establishment of training courses and documentation centres in various regions, the establishment of a World Maritime University and the organization of intensive courses at institutes in various countries, such as Sweden, Italy or Malta.

9. IMO had continued to improve its methods of work, based on the recommendations of JIU, which he had requested to evaluate IMO's technical co-operation activities. IMO made every effort to harmonize its activities with those of other organizations and took a keen interest in the work of ACC. It had participated in preparations for the Internatinal Development Strategy for the Fourth United Nations Development Decade, which placed special emphasis on African economic recovery and development. In that connection, one third of IMO trainees were from African countries. IMO had been pleased to contribute to preparations for the first Transport and Communications Decade in Africa and had been encouraged to note, from the latest annual report, that the greatest improvement had been reported in the maritime transport subsector. IMO was heartened by the attention being given to fundamental problems such as the rehabilitation of African ports and to training and had noted with interest the pragmatic efforts being made to overcome them, as witnessed by the Conference of African Ministers of Transport, Communications and Planning at its sixth meeting, held at Kinshasa on 23 and 24 March 1988. IMO would do its utmost, in co-operation with ECA, to implement the Conference's recommendations. He assured the Council of IMO's willingness to continue to co-operate with it and all the other bodies of the United Nations system.

10. Mr. PEJIC (Yugoslavia) said that the hopes for progress in international co-operation for development raised by the adoption of the Final Act of the seventh session of the United Nations Conference on Trade and Development[1] had unfortunately failed to materialize and that there were virtually no prospects for renewed dialogue.

11. The world had entered on a period of rapid, profound and far-reaching change. The great scientific and technological advances that characterized it affected the basic structures of societies as well as the life of every individual. Although there had been improvements in some areas of international relations, there had been none in economic relations. Most developing countries were troubled by serious economic difficulties and were reduced to ensuring the minimum conditions for their peoples' survival.

12. Although the overall world economy continued to grow, the growth rate in the developed countries was far from enough to bring about their economic recovery. Moreover, the external imbalances which persisted among the major developed countries were a permanent source of instability and seriously threatened the success of structural reforms undertaken by the developing countries. In the circumstances, he could not share the optimism of the major countries when they painted a rosy picture of the world economy and their own economic performance.

13. The developing countries, with some rare exceptions, had been unable to achieve the necessary economic development. The consequences had been particularly dramatic for the least developed and the most indebted among them. Although per capita income in the developed countries might be growing steadily, that of most developing countries, particularly in Africa, Latin America and some Asian countries, had gone on declining for years. As a result, the gap between the developed and the developing countries was widening dangerously.

14. The world had made a first historic step towards disarmament. It must now tackle the problem of the precarious situation of the developing countries. If the latter were unable to achieve steady economic development, there would be no stability and security for anyone. Priority should be given to consideration of the external debt problem, with particular attention to the misery of the very great number of people suffering from hunger and extreme poverty.

15. If nothing was done to alleviate the debt burden, the main impediment to the debtor countries' economic growth and development, more and more countries would find it impossible to meet their repayment obligations. At the Summit Meeting held at Toronto from 19 to 21 June 1988[2] certain efforts had been made to solve the debt problem of the least developed countries, particularly in sub-Saharan Africa. The mobilization of additional concessional resources for those countries by multilateral financial institutions was also important. But the action taken fell short of the needs and scarcely measured up to the gravity of the problem. It was hard to understand, for instance, how IMF, as an important financial institution providing multilateral financial support for developing countries, had become a net recipient of resources from those countries. It was regrettable that the developing countries' debt problem had not been satisfactorily dealt with despite the steady increase in indebtedness, which had reached a level of $1,200 billion.

16. Accelerated growth in the developing countries was the only means of solving their external debt problem. A favourable international economic environment, greater openness of developed country markets and, above all, a much higher flow of financial resources to developing countries would be needed to achieve that goal. In addition, other forms of co-operation should be encouraged between developed and developing countries, such as joint ventures or industrial, scientific and technological co-operation.

17. The current crisis called for an urgent political dialogue between debtors and creditors with the active participation of international financial institutions and the United Nations. It was significant that for the first

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[1] See 19th meeting, footnote 1.

[2] See A/43/435.

time the question of the developing countries' external debt had been accorded priority by the General Assembly at its forty-first and forty-second sessions. It was regrettable, however, that the positions taken at those session had found no echo either in international financial institutions or in the developed countries.

18. The large external imbalances among the developed countries had had a negative impact on the developing countries' economies. Some of the consequences of the imbalances were the limited access of developing country exports to developed country markets, lower commodity prices and increased interest rates. It was highly paradoxical that the developed countries' surplus capital was mainly flowing to the most developed countries instead of being directed to developing countries in need of resources.

19. International co-operation for development had been in crisis for a number of years. The non-aligned and other developing countries had on many occasions drawn attention to the steady erosion of multilateralism and the fact that the United Nations was being prevented from carrying out some of its basic functions. It was no accident that the weakening of multilateral co-operation had coincided with the exacerbation of the developing countries' problems. Instead of instituting broad multilateral dialogue, the developed countries organized meetings at which they discussed global problems among themselves. Such meetings could not replace dialogue and negotiation within a broader multilateral framework, particularly within the United Nations, directed towards solutions that would be in the interest of all.

20. The Council's current session provided an opportunity to consider ways to strengthen multilateral co-operation and the role of the United Nations. Improvement of the world economic situation demanded the involvement of the broad international community through the United Nations. The Organization's role in maintaining international peace and security was recognized by all and it was hard to understand why a number of countries were reluctant to include the Organization in the process of international economic decision-making on which world stability depended. Yugoslavia, for its part, was always ready to participate in the task of restructuring the United Nations in the economic and social sectors and in decisions to strengthen the role of the Council.

21. Mr. QURESHI (Pakistan) said that, without wishing to belittle the concern expressed by other speakers, he would like to draw the Council's attention to certain hopeful developments. First, the Summit Meetings of the Group of Seven had provided a framework for economic policy co-ordination among the developed countries and given it solid substance through the adoption of important decisions such as those set forth in the Plaza Accord of 22 September 1985 and the Louvre Accord of 22 February 1987. The structural adjustments being made within the surplus and deficit economies should restore international economic equilibrium. The declining deficits in the United States and the expansion of domestic demand in Japan were encouraging steps in that direction.

22. Second, exchange rates were beginning to be more stable and currency markets were beginning to respond more positively to efforts to establish a more predictable and stable system. Thirdly, the developed market economies and, to a large extent, the Asian countries had succeeded in controlling inflation. Fourthly, there was a visible trend towards multilateralism, as witnessed by the greater use being made of GATT machinery for the settlement of trade disputes and the rapid expansion of the resources of IMF and the World Bank which should help to alleviate the debt problem and smooth the process of structural adjustment. Fifthly, the wide-ranging changes in the economic systems of the USSR, China and certain Eastern European countries should ensure higher overall growth and contribute to a more open international economy.

23. Finally, he drew attention to the encouraging growth rate of 5.6 per cent in South Asia and East Asia, and the continued dynamism of the export sector in that region. Even in Latin America, struggling with the dual problem of debt and inflation, there had been a diversification of exports and a favourable trade balance in 1987. There had also been some successful innovations in debt restructuring, such as debt/equity swaps, exit bonds and the conversion of loans into trade credits.

24. Despite those optimistic signs, however, his delegation believed that the need to accelerate structural changes in world economy remained at the top of the agenda, and that, in that process, larger economic assistance on concessional terms must play a pivotal role. So far, the target of 0.7 per cent of GNP had been elusive. To move beyond the rate of 0.35 per cent of GNP, at which ODA was currently stagnating, an interim target should be set for the next five years of 0.5 per cent of GNP. Of course, that would not prevent capital surplus countries, such as the Federal Republic of Germany and Japan, from aiming at a more ambitious target and offering more untied assistance. It went without saying that, in the context of transfers to the developing world, a balance should be maintained between development aid and loans, the terms of which should not exceed the adjustment capacity of the recipients.

25. In his delegation's view, the pace of growth in the developing countries would be accelerated considerably if the world economy operated according to the principle of comparative economic advantage. The Uruguay Round was vitally important in that regard, as was the priority assigned in that context to the need to allow competition in the agricultural products sector. A phasing-out of subsidies, through, for example, an interim shift to a system of support for producers, could be a good compromise.

26. Another area where more policy co-ordination was needed was the phasing-out of non-competitive industries which were being sustained by financial assistance. However, it was clear that where persistent unemployment existed a planning apparatus would need

to be organized to smooth the transition to a more appropriate industrial structure.

27. Within the developing countries, development strategies continued to give pride of place to capital, and to neglect the importance of human resources. No practical steps had been taken to mobilize or reorganize non-economic factors in economic growth, a task which the multilateral funding institutions needed to address with some urgency.

28. His delegation was in favour of the establishment of a special facility for restructuring large international debts. At the same time, a strategy must be defined to alleviate the debt burden of those countries which were approaching a crisis point. It was in the interests of both debtor and creditor countries to take preventive measures in good time.

29. He stressed the need to enlarge the information base for economic policy, in particular the need for more reliable data in analysing and dealing with the phenomenon of dumping. Insufficient information had also led to the emergence of long-term surpluses in certain key industries. Improved instruments for projecting production capacity would mitigate the emergence of excess capacity, curtail the risk of long business slumps and obviate the need for dumping. The United Nations system could play a most useful role in disseminating relevant information in that connection.

30. Lastly, he expressed reservations regarding current economic thinking oriented towards liberalization of trade in developing countries based on the assumption that tariff and non-tariff barriers in the importing countries would not frustrate that effort. Although that assumption might be valid for a single country on the basis of trade diversion, it was difficult to apply it across the developing world because at that level it would require trade creation. In fact, as the *World Economic Survey 1988* (E/1988/50) pointed out, the recent evolution of developing country exports had been relatively unfavourable since they had declined absolutely in value terms from $569 billion in 1980 to $455 billion in 1987. The terms of trade had also declined by 20 per cent since 1981. Thus the real implication of a growth strategy based on developing country exports needed careful thought. Such an examination would impart greater realism to the planning process and would focus attention on some important longer-term problems which tended to be ignored in single country scenarios.

31. Mr. CAMDESSUS (Managing Director of the International Monetary Fund) recalled that he had spoken in the Council in 1987[3] of the need for all partners in the international community, the industrialized countries, the developing countries, multilateral financial institutions and commercial banks, to do more and better for growth-oriented adjustment in the developing world within the framework of a co-operative strategy in which all parties would recognize their responsibilities. An assessment should now be made of what had been done by each of the four groups in a global economic environment that had recently shown clear signs of improvement.

32. In the industrialized countries the growth of domestic demand had remained robust; non-oil commodity prices had strengthened appreciably; imports by the industrialized countries from non-oil developing countries had increased at double the 1986 rates; foreign exchange markets were beginning to be more stable. In the case of capital-importing developing countries, improved terms of trade and relatively strong growth in the volume of exports had led to a fall in the ratio of external debt to exports; their current account had shifted from a deficit of $25 billion to a surplus of $3 billion. However, their rate of economic growth had generally weakened; in the large group of countries which had experienced debt-servicing problems in recent years, real per capita GDP had stagnated and investment had failed to revive. In 1988 there should be some recovery of growth and export earnings should again rise faster than debt. More needed to be done, however, if the debt-burdened countries were to be able to grow out of their debt problems.

33. To demonstrate how it would be possible to do more and do better, he took first the position of the industrialized countries. In those countries, the external imbalances among the three largest countries were a threat to economic recovery and, unless they were reduced, were obviously not sustainable. Clearly they should be reduced, but without precipitating a recession and without sacrificing the gains made in reducing inflation. Clearly also, there must be concerted and complementary action by both deficit and surplus countries. It was already possible to discern a wide measure of agreement among the industrialized countries on economic objectives and the general strategy required to pursue them. The exchange rate and economic policy changes that had already taken place were beginning to have an influence. In 1987, in the United States, the growth of total domestic demand had been held below the growth of output; in the Federal Republic of Germany and Japan, the reverse had occurred. The results of that reversal were already being felt. The external deficit on goods and services in the United States had begun to narrow in real terms, and the real external surpluses of the Federal Republic of Germany and Japan had fallen for a second consecutive year.

34. The industralized countries had also made progress in the area of financial support for low-income countries embarking on far-reaching economic reforms. In that connection, reference should be made to the lengthening of grace periods and maturities agreed to by the Paris Club, and the fact that the seven major industrialized countries attending the Summit Meeting at Toronto had endorsed new efforts to ease those poorest countries' debt servicing burden.

35. The challenges for the future for the industrialized countries were principally three. First, it was fundamentally important that they should continue to define the

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[3] *Official Records of the Economic and Social Council, 1987, Plenary Meetings*, vol. II, 25th meeting, paras. 28 and ff.

instruments of their co-operative strategy and build on the process of policy co-ordination. That minimum effort should be accompanied, in a spirit of burden-sharing but also as a matter of self-interest, by a wider opening of their markets to the goods of the developing countries. In other words, the industrialized countries must reduce their barriers to agricultural imports and their subsidies to agricultural exports. In that connection, the opportunity afforded by the Uruguay Round must not be missed.

36. Second, it was important for official lenders to put rapidly into effect the new approach to the debt of the poorest countries endorsed at the Toronto Summit Meeting. At the same time, it was equally important for the industrialized countries to guard against any further slippage in the ratio of ODA to GNP. Indeed, with stronger adjustment programmes more aid could be utilized efficiently and there was good reason for the ratio to be steadily increased.

37. Third, thought should be devoted to ways of improving the functioning of the international monetary system. Strengthening policy co-ordination was a first step, and the next would be to find arrangements that would provide for a better balance between stability of exchange rates and their role in fostering adjustment, greater symmetry in adjustment between deficit and surplus countries and a more appropriate meshing of national sovereignty and international responsibilities than the arrangements which had collapsed in 1971 had succeeded in doing. It was a vast programme that should be embarked upon at once.

38. Turning to the second group of actors, the multilateral institutions, he said that there also significant progress had been made. IMF, for its part, had adapted its lending instruments to a number of new or more obviously pressing considerations. It had sought to take into account the greater emphasis being given to structural reform which, by its nature, typically took time to register its effect. That had implications both for the amount of assistance needed for adjustment and the period for which it must be made available. The Fund had also sought to take into account the vulnerability of adjustment programmes to unexpected but all too frequent external shocks: shifts in the terms of trade, increases in interest rates in international markets, and the like. Such vulnerability had been apparent particularly where "adjustment fatigue" was beginning to take the edge off the resilience of economic policy. Lastly, the Fund had sought to take into account the special plight of many low-income countries for which the provision of finance on market-related terms could only aggravate an already untenable debt position.

39. The Fund had responded to those considerations in three ways. In late 1987, it had established a new lending window, the Enhanced Structural Adjustment Facility. The Facility had been given additional resources totalling more than $8 billion which could be lent on concessional terms (0.5 per cent a year) and at relatively long maturities to the Fund's poorest members who were taking forceful steps to strengthen their economies. He thanked those countries which had agreed to increase their contributions largely and rapidly so as to allow the window to be opened. He particularly thanked the heavily indebted middle-income developing countries which had participated in the establishment of the new mechanism.

40. More recently, the Fund had approved two additional initiatives. The first provided for increased access of member countries to the medium-term credit window, the Extended Fund Facility, and improved the terms of such access. The second initiative had been to create a contingency financing mechanism that would help to maintain the momentum of adjustment in the face of external shocks.

41. Those three mechanisms should enable the Fund to respond with strengthened financial support to stronger adjustment efforts which, being more sustained, would be able to break out of the cycle of stop-go policy, for pauses in implementing such programmes had so far, for good or bad reasons, been all too frequent.

42. The Fund had no intention of halting there. It was engaged in a constant search to adapt its activities, policies and procedures to serve its three major concerns: growth, structural adjustment and helping to protect the poor. The linkages between those concerns were obvious and yet complex. The Fund, which had no political philosophy, respected its members' social and political priorities and in recommending structural reforms had only one objective: to improve the efficiency with which resources lent were used and to promote more balanced growth. Structural adjustment was very often the key to growth but inevitably it had distributional consequences. In many cases, moreover, in the short run, adjustment had high costs for all income groups. Its ultimate aim, however, was to improve the lot of all and in particular the poorest, who were the first victims of failure to adjust. Sometimes the needed policy changes improved the lot of the poor from the outset, as in the case for example of currency devaluation and the raising of agricultural producer prices which benefited the rural poor. In some other cases, the poor could be protected to some degree against the negative effects of adjustment by compensatory measures.

43. However, decisions regarding the distribution of the adjustment burden rested not with the Fund but with Governments. Nevertheless, the Fund stood ready to assist countries in designing programmes that would shelter the poorest and with that in mind was building up its contacts with United Nations-related agencies which were expert in that area.

44. The third group of participants in the collective strategy were the commercial banks. In 1987, through a number of new instruments and innovative approaches, the banks had broadened the "menu" of financing options available to middle-income indebted countries. Net lending, however, had remained negligible. What was of most concern was that assembling loan packages for countries which were making an effort remained dif-

ficult and was often subject to long delay. That was doubly unfortunate at a time when a growing number of countries accepted the principle of reform, but encountered much difficulty politically in putting sounder policies into effect. Unless the banks did more to support the adjustment efforts of middle-income countries, the notion that the Fund's debt strategy was a collaborative one oriented to growth would be put in doubt. An adequate rate of growth would not be resumed and all sides would lose. That being said, it was clear that merely adding debt to debt through new money was not enough. Fortunately, recent additions to the "menu" of financing options could work to reduce the existing stock of debt. What should be encouraged were further pragmatic initiatives that blended debt reduction with additional financing.

45. In the fourth group of participants in the strengthened collaborative strategy, the indebted countries themselves, the situation varied and it was difficult to generalize. Some countries, particularly in Africa, were taking courageous steps to address their imbalances. The large, heavily indebted middle-income countries had, since the onset of the debt crisis, suffered a cumulative deterioration in their terms of trade of more than 20 per cent, the equivalent of 3 per cent of their GDP; yet they had recorded a strengthening in their current account equivalent overall to 5 per cent of GDP, and that 8-point recovery was considerable. Such forceful adjustment efforts were the exception, however. In particular, the recent acceleration of inflation in a number of indebted countries, and the fact that economic policy was still often conducive to capital flight, were matters of concern. There was every advantage for the indebted countries in stronger policy commitment, if only to persuade private creditors to participate more actively in providing financial support. Moreover, the recent initiatives of the international community would only be meaningful if the indebted countries were more resolute in adopting sound macroeconomic policies and bold structural reforms. Undeniably, what was most crucial at the present juncture was that the indebted countries should respond to those initiatives by putting in place strengthened programmes that would ensure that the funds made available could be promptly utilized and thereby reinvigorate the development process. He noted with satisfaction that a number of countries were currently approaching the Fund with a view to availing themselves of the Enhanced Structural Adjustment Facility. He would shortly be submitting to the Fund's Board of Directors the first structural adjustment programme under the Enhanced Facility on behalf of an African country.

The meeting was suspended at 11.55 a.m. and resumed at 12.45 p.m.

46. Count YORK VON WARTENBURG (Federal Republic of Germany) said that the reform of the United Nations intergovernmental structure and functions in the economic and social fields could enhance the efficiency of the Organization and was in the interest of all its States Members. The search for concrete results must continue, even in the face of acute financial problems.

47. His delegation was gratified by the increasingly positive outlook for the performance of the international economy. Earlier concern that stock market and currency exchange perturbations might lead to a compounded fall in demand, combined with a general under-utilization of capacities, had abated thanks to a prudent reaction on the part of Governments and central banks in western industrial countries, particularly the United States, Japan, the United Kingdom and the Federal Republic. The positive effects of the European Monetary System had also helped to avert a slide of the world economy into recession.

48. In spite of various disruptions, the upward trend of the world economy had been maintained for more than five years. Economic development in many parts of the world was showing marked autonomous dynamism, and world trade continued on a growth course. The continued international economic recovery had been facilitated by the fact that foreign trade imbalances had topped out in 1987, and that the adjustment process was fully under way. Enhanced international co-operation in the adjustment of external imbalances—as exemplified in the Louvre Accord, the decisions taken at the Summit Meeting held at Venice from 8 to 10 June 1987, and the declaration on the world economy of 22 December 1987 by the Ministers of Finance and Governors of Central Banks of the seven major industrialized countries.[4]

49. In the Federal Republic too, an upward trend had prevailed, largely as a result of an upsurge in domestic demand and private consumption, although exports were expected to stagnate. In order to foster domestic demand and live up to its commitment to strengthening the world economy, the Federal Government had accepted major revenue-related deficits of some DM 40 billion for the current year. Its foreign trade adjustment was making good progress: in 1987, the value of its exports in real terms had barely exceeded those of the two previous years, while imports had risen by 8.5 per cent. The current account surplus had been reduced, and a further marked decrease could be expected in 1988. The Government's aim was to mobilize further potential for growth through an active policy of internal structural adjustment, especially by promoting competition, deregulation and the opening up of markets.

50. At the international level, an attempt should be made by countries with high external deficits and low domestic savings to curtail their private consumption and domestic demand while promoting the accumulation of savings. On the other hand, countries with large external surpluses and high level of domestic savings should expand domestic demand at a faster rate than GNP and enhance investments at home in order to absorb their own savings. Such a policy called for well-considered long-term measures so as to avoid any overheating of the economy, especially inflationary

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[4] *IMF Bulletin*, vol. 17, no. 1, p. 8.

tendencies, and to promote exchange and interest rate stability.

51. The Federal Government regarded the preservation and further development of a liberal and open world trading system as a matter of high priority, and noted with concern the growing trend towards bilateralism and trade-distorting government interventions. Multilateralism, non-discrimination and the unconditional application of the most-favoured-nation clause must remain the cornerstones of the world trading system. Accordingly, his Government fully supported endeavours to improve the functioning of GATT and to promote the Uruguay Round as a whole. Such difficult issues as trade in agricultural products and in services, and the protection of intellectual property would have to be dealt with in a constructive and mutually satisfactory way. It was essential that future negotiations should focus on the necessity of opening markets further to developing country products.

52. The Federal Republic's trade with developing countries had, in recent years, shown a deficit with the non-OPEC developing countries, and a surplus with the OPEC countries. Imports from the highly indebted African and Latin American countries had exceeded exports to them, with a resulting beneficial effect on their foreign exchange positions. Imports of manufactured goods from developing countries had also registered a remarkable increase of 60 per cent between 1982 and 1987.

53. The members of the EEC had decided to concentrate their political and economic efforts on the complete establishment of a single European domestic market by 1992. The aim was to intensify the exchange of goods and services in Europe, to further develop the division of labour and specialization by means of stronger competition, and to give further impetus to investment and innovation. Those measures would enhance the dynamism of European national economies, and should, in the medium and long term, stimulate the growth of the world economy. The Federal Republic took the view, however, that the European domestic market would not produce such beneficial effects unless it remained open to imports and proved true to the principles of free and dynamic competition both within and outside the EEC. The establishment of official relations between the EEC and CMEA was, therefore, to be welcomed: it held out hope for further positive developments not only to the benefit of the member countries of the two organizations but also to international co-operation at large.

54. Turning to the problem of indebtedness, his delegation believed that there was growing awareness of the political implications of the problem, which could pose a threat to economic, social and political stability in the indebted developing countries and beyond. The discussion of the problem at the Toronto Summit Meeting had reflected that awareness, and he welcomed the additional options for the relief of official debt proposed for the benefit of the neediest countries.

55. For the indebted developing countries the burden remained a heavy one, but there were signs of improvement. World trade was expanding, some commodity prices had risen, and the range of solutions available to meet specific cases of indebtedness had been enlarged. Specifically, the IMF structural adjustment facility had been strengthened, co-financing arrangements had been worked out between the World Bank and ODA donors in favour of the least developed countries, and the terms for rescheduling agreements within the framework of the Paris Club had been improved.

56. Many debtor countries had initiated adaptation and structural adjustment policies, which were beginning to bear fruit. Some had substantially increased their exports in 1987 and, while exercising import restraint, had been able to cut their trade and services balance deficit by half as compared with 1986, with the result that their current account deficits had fallen perceptibly. That internal adjustment process must continue. It must be supported by all parties concerned, acting in close co-operation, in order to ensure that the influence of favourable external factors prevailed and that external financing was not disrupted.

57. His Government was aware of its responsibilities in that regard. It would contribute to the search for solutions geared to specific situations through its policy of promoting economic growth while maintaining price stability, opening up its markets, active participation in rescheduling agreements in the Paris Club, development assistance and efforts to strengthen the international organizations. The Federal Government welcomed the increase in the general capital of the World Bank and the establishment of an enhanced structural adjustment facility to make additional resources available on highly concessional terms, to support the reform efforts of the poorest countries. It would engage constructively in discussions on IMF quota increases.

58. With regard to the indebtedness issue, the Federal Government was aware of the important role played by relations between debtor countries and commercial banks, and welcomed the introduction of new financing techniques which made credit arrangements between the banks and debtor countries more flexible.

59. In the developing countries, what was most needed was an improvement in general conditions in order to give more scope to private initiative and to integrate all strata of the population into the development process. More complete integration of the developing countries into the world economy, the opening up of industrial country markets to their products, the mobilization of adequate financing, and assistance by international institutions were the indispensable prerequisites for further progress.

60. Since the Trade and Development Board had adopted its resolution 171 (XVIII) of 17 September 1978 on special measures in favour of the least developed countries, the financial co-operation loans of 24 of those countries totalling DM 4.2 billion had been converted into grants by the Federal Government. All

subsequent new financial assistance to them had been, and would be, given in the form of grants only. Additional debt cancellations to the value of DM 1.1 billion were also under way. Financial relief for some poorer and debt-distressed countries in sub-Saharan Africa by the conversion into grants of financial co-operation loans to a total value of DM 2.2 billion was planned.

61. The Federal Goverment hoped that such measures would support the development of the least developed countries in sub-Saharan Africa. Together with other countries, in particular its partners in the EEC, it had been actively participating in the implementation of the United Nations Programme of Action for African Recovery and Development 1986-1990.[5] In June 1988, representatives of the EEC and a number of African Ministers had taken part in a Round Table organized in Berlin (West) by the German Foundation for International Development as a contribution to the preparation of the mid-term review of the Programme.

62. On numerous occasions, the Federal Government had made it clear that it gave bilateral and multilateral support to the developing countries in order to promote both their adjustment efforts and their direct investments. Structural adaptation was essential if the challenge posed by changing conditions in world markets was to be met effectively, but the need for such policies was by no means restricted to developing countries. It was an integral part of long-term economic policy in highly developed industrial countries as well. Development co-operation must not be restricted to individual projects or fields; it must be given broader scope and include structural adjustment.

63. He wished to emphasize the need for environmental protection. Threats to the environment recognized no boundaries, and their urgency called for strengthened international co-operation.

The meeting rose at 1.10 p.m.

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[5] Adopted by the General Assembly in its resolution S-13/2 of 1 June 1986, annex.

22nd meeting

Friday, 8 July 1988, at 3.15 p.m.

President: Mr. Andrés AGUILAR (Venezuela)

E/1988/SR.22

In the absence of the President, Mr. Salim Bin Mohammed Al-Khussaiby (Oman), Vice-President, took the Chair.

AGENDA ITEM 1

Adoption of the agenda and other organizational matters (*continued**)

1. The PRESIDENT invited the Council to approve the recommendation in the report of the Committee on Non-Governmental Organizations (E/1988/101), regarding requests for hearings received from non-governmental organizations.

The recommendation was approved.

AGENDA ITEM 2

General discussion of international economic and social policy, including regional and sectoral developments (*continued*)

2. Mr. YOLAH (Observer for Nigeria) said that anxiety about the direction of the world economy persisted, the main sources of uncertainty being the global economic imbalances, the developing countries' external indebtedness and the disturbing external and fiscal imbalances of some of the leading developed countries. The economic performance of most developing countries had been damaged in consequence. Their exports had been weakened by falling commodity prices, high real interest rates and hardening protectionism. The stock market collapse of October 1987 had been an additional factor.

3. There had been some encouraging trends, especially in finance and trade, incuding the successful eighth replenishment of IDA, the establishment of IMF's enhanced structural adjustment facility, the general capital increase in the World Bank and similar positive moves by certain developed countries, including the seven Western nations of more developed economies at the Summit Meeting held at Toronto from 19 to 21 June 1988. In addition, the requried directly-contributed capital of the Common Fund for Commodities was only 0.2 per cent short of the 66.67 per cent required to make the Fund operational.

4. Those positive developments had been insufficient to offset the impact of the imbalances mentioned earlier. For example, at the time of the adoption of the United Nations Programme for African Economic

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* Resumed from the 18th meeting.

Recovery and Development 1986-1990,[1] the amount of external financial support required had been estimated at $46 billion. Two years later, despite wide-ranging reforms by the African countries, it was clear the need had been greatly underestimated. The combined effects of worsening terms of trade and heavy debt-service obligations had not been fully foreseen. Africa's total external debt was estimated at about $128 billion, some 15 per cent of the developing countries' debt and Africa's debt service ratio had been 47.3 per cent of export earnings in 1987. The Advisory Group on Financial Flows to Africa estimated that the available external financial resources for 1985-1987 had been about $6.5 billion a year less than in the early 1980s while per capita incomes had been reduced to the level of 20 years previously. The Group had recommended additional help in the order of $5 billion in 1987 for sub-Saharan Africa, excluding Nigeria. Despite the shortage of resources, the African countries were continuing their structural adjustment programmes and wide-ranging reforms, with all the attendant political risks and social cost. The African countries' debt-servicing difficulties was evidenced by the fact that five had been declared ineligible for IMF resources, further impairing their capacity to promote growth.

5. The middle-income heavily indebted countries, which included Nigeria, had seen no alleviation of their debt problems, much less the expected improved economic performance. A modest improvement in their net financial transfers in 1986 had been more than offset by the loss on terms of trade. The accumulated net outward flow of resources from the countries concerned between 1982 and 1987 was estimated at $125 billion, some 15 per cent of export earnings and over 2 per cent of GDP during the period. The middle-income countries' difficulties had been recognized in the Declaration made at the Toronto Summit Meeting[2] but it remained to be seen how the recognition of the link between debt burdens and political stability would be translated into greater support for the countries concerned.

6. Since the losses borne by the industrialized nations as a result of the October 1987 stock-market crash were estimated at a figure roughly equal to the developing countries' total external debt, there were grounds for questioning the objections to suggested debt alleviation schemes and for re-examining the argument that international capital markets could not bear the burden of solutions such as partial write-downs or debt-reconstruction arrangements based on secondary market discounts.

7. It was clear that the multilateral institutions' response to the world economy's structural imbalances was not yet commensurate with the magnitude of developing country problems. The debt strategy devised within the framework of those institutions had given the indebted countries neither real economic relief nor worthwhile political respite. The situation had in fact changed little since the crisis had first flared up in 1982.

8. The multilateral institutions had complicated the developing countries' problems in at least three ways. First, some of the institutions were net recipients of resources. The combined outflow of resources from Latin America to the Inter-American Development Bank and the World Bank was estimated at over $1 billion in 1987 while the negative transfer of resources from African countries to IMF had been estimated at $860 million and $1 billion in 1986 and 1987 respectively. Secondly, those outflows had been paralleled, in several instances, by tighter conditions of access to certain institutions' resources. Thirdly, since virtually all those institutions were privileged creditors, debts could not be rescheduled, a constraint which would continue unless the institutions reviewed their policies. His delegation hoped the discussion of multilateral responses would heighten awareness, among the institutions' member States, of the urgent need for policies more favourable to global growth and prosperity with equity.

9. A new threat to prosperity and existence was the dumping of toxic wastes in developing countries by some industrialized countries. His own country had been a recent victim and had drawn the world community's attention to the threat to African and other developing countries. The dumping of hazardous wastes in other countries was incompatible with the spirit of international co-operation the Council was required to foster under the Charter of the United Nations.

10. Mr. JAZAIRY (International Fund for Agricultural Development) said that failure to achieve a more rational use of the world's resources was a cause of the current turmoil and uncertainty in the developing world. The thirteenth special General Assembly session, on Africa, had raised fresh hopes of a meaningful partnership. The United Nations Programme of Action for African Economic Recovery and Development 1986-1990 had provided a framework for that purpose, but it had barely been implemented. Despite the efforts of the African nations themselves at considerable domestic cost, the gap remained because of the world community's lack of response, as the High-Level Advisory Group established by the Secretary-General had made clear. He hoped the Group's suggestions, together with a proposal by IFAD endorsed by the OAU Steering Committee under which the heavily indebted African countries' outstanding bilateral debt-service obligations would be paid off in local currency, would receive sympathetic consideration. Efforts must also continue towards a consensus on the more wide ranging relief measures proposed by the Advisory Group.

11. IFAD had played a key role in the agricultural rehabilitation of such war-ravaged countries as Uganda, Mozambique and Ethiopia, and was examining, with other specialized agencies, how best to help in alleviating the situations in Afghanistan and the front-line States of southern Africa. IFAD had offered to collaborate in the rural sector with the AFRICA Fund established by the Movement of Non-Aligned Countries and had earmarked up to $50 million of highly concessional resources for aid to the front-line States, but pro-

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[1] General Assembly resolution S-13/2 of 1 June 1986, annex.

[2] See A/43/435.

gress had not been as rapid as might have been hoped. Rehabilitation was not enough. A durable solution must be found to hunger and rural poverty. The overriding need was for rational programmes aimed especially at smallholder farmers, who were the basis of any sustained development.

12. In resolution 1986/44, of 21 July 1986, the Council had expressed confidence in IFAD's Special Programme for sub-Saharan African countries affected by drought and desertification. The target of $300 million had been exceeded as a result of generous contributions from industrialized countries, with very few exceptions, and contributions from the five African countries concerned, three of them least developed countries.

13. The result augured well for negotiations on the third replenishment of IFAD resources, which had been the subject of intensive preparation during the past two years. At the meeting in January 1988 of the Board of Governors, at which IFAD had celebrated its tenth anniversary, speakers had underlined the importance of completing the replenishment before the January 1989 meeting. Council resolution 1987/90, of 9 July 1987, and the Final Act of the seventh session of the United Nations Conference on Trade and Development[3] exemplified the world community's recognition of the importance of the replenishment.

14. In the past, IFAD's resources had come from the industrialized countries and a small group of oil-producing developing countries with the recipient developing countries making only a small contribution. The grave deterioration in the economies of the oil producers meant that all groups must show a constructive and flexible attitude to achieve a satisfactory replenishment level while preserving IFAD's unique structure.

15. It was interesting that the industrialized countries had agreed not only to go on matching the oil-producing developing countries' contributions but also to match the main beneficiary countries' convertible-currency contributions at a more favourable ratio. On that basis, the beneficiary countries had expressed willingness to raise their contributions to the third replenishment to $75 million in convertible currencies.

16. The Council of Ministers of OAU, at its forty-eighth ordinary session, held at Addis Ababa from 19 to 23 May 1988, had called on the industrialized countries to take up a larger share of the replenishment, invited recipient developing countries to make exceptional efforts to achieve the figure of $75 million, and appealed to the traditional contributor developing countries to maintain their third replenishment contributions at the same level as that of the second replenishment.[4] He hoped that the Economic and Social Council would endorse the OAU appeal in order to preserve IFAD's identity. IFAD was unique because it provided the third world with a voice in decision-making unparalleled in any other international financial institution, an asset which should not be relinquished when IFAD was so close to financial autonomy.

17. Turning to the question of an international development strategy for the 1990s, he suggested that the current strategy had not been a great success, because too many issues were tackled at once or simply because in addition to national shortcomings the international balance of power had precluded movement at the right speed in the desired direction. In the coming decade, it might be desirable to tackle one major problem—such as rural poverty—which transcended political cleavages.

18. In view of the slow growth of the 1980s, the next development decade must pave the way for accelerated growth. But the growth must be of a different nature. The strategy for the 1990s should centre on mobilizing the underutilized productivity of the rural poor, who were the majority of the population of most developing countries. If programmes did not give adequate priority to the needs of the large mass of the population they were unlikely to promote adjustment or development. Therefore, structural adjustment programmes should not be based on a presumed dichotomy between growth and poverty alleviation but should integrate the two.

19. The decade drawing up to an end had been difficult for countries and multilateral organizations alike, but there had been recent signs of a trend towards a co-operative and multilateral approach, as well as a new perception of the reality of interdependence and human solidarity, reflected, for example, in the North-South campaign initiated by the Council of Europe. It was no longer acceptable for hundreds of millions to go on suffering chronic undernourishment and severe deprivation, especially when surpluses abounded elsewhere. Imaginative action and a sense of renewed purpose on the part of the United Nations system would give fresh impulse to development efforts.

The meeting was suspended at 4.05 p.m. to give delegations an opportunity to put questions to the representative of IFAD, and resumed at 4.10 p.m.

20. Mr. TANIGUCHI (Japan) said that the world economy was undergoing a great mutation and that the time was ripe for the international community to co-operate in its harmonious development. The Prime Minister of Japan had made clear to the world Japan's acceptance of its responsibility, as a major industrialized country, to play a positive role in maintaining world peace and securing international prosperity. An active role commensurate with Japan's national strength would respond to the expectations of the world's peoples. The highest goal of the Japanese Government was to build a Japan that would contribute more to the world.

21. The Prime Minister's initiative for international co-operation had three elements: the strengthening of Japan's contribution to peace, as explained in detail at the second session, held on 3 June 1988, of the fifteenth special session of the General Assembly—the third special session on disarmament; the promotion of international cultural exchanges, as elaborated in his speech

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[3] See 19th meeting, footnote 1.

[4] See A/43/398, annex I, resolution CM/Res.1174 (XLVIII).

in London; and lastly, the plan announced at the Toronto Summit Meeting to expand Japan's ODA. All three were closely related to Japan's co-operation with the United Nations.

22. Despite serious budgetary constraints, common to many countries, Japan had increased its ODA through a series of medium-term targets. The target announced at the Toronto Summit Meeting called for total ODA by Japan of more than $50 billion over the years 1988 to 1992. That was twice Japan's total ODA over the last five years and the large increase would mean a steady improvement in Japan's ODA to GNP ratio.

23. Japan would also be making efforts to improve the quality of its ODA. The new medium-term target included a detailed programme for attaining that objective. Grant assistance would be expanded further, including measures to help the least developed countries deal with their debt problems. In the ten-year period since 1978, the Japanese Government had made ODA yen loans to 17 least developed countries, totalling approximately $5.5 billion. It had decided to relieve those countries of all future debt-servicing. It also intended to enhance and improve its implementation capacity and to promote closer co-operation with international organizations and other major donor countries.

24. External debt continued to be one of the most serious problems both for developing and developed countries. Concerted action among the countries concerned had brought some improvement but it was still difficult to see any signs of recovered confidence among the indebted countries despite their adjustment policies or increased capacity for debt repayment. The Japanese Government had launched a recycling scheme covering more than $20 billion and to date more than 60 per cent of the total had been committed. Flows of private funds would still be essential to solve the debt problem of the middle income countries, particularly in Latin America. At the same time, it was important to strengthen the role and financial basis of such international institutions as IMF and the World Bank. Several measures had recently been worked out to that end, including the decision of the IMF Interim Committee to strengthen capacity to supply credit and the recent agreement on the new general capital increase for the World Bank.

25. Japan welcomed the proposals made at the Toronto Summit Meeting for further easing the debt-service burden of the least developed countries. The relief measures mentioned earlier had been among those proposals. Furthermore, the Japanese Government had decided in May 1987 to implement non-project-type capital grant assistance for African and other least developed countries to the amount of $500 million. The programme would be implemented over a three-year period beginning in 1987 and approximately $150 million had already been made available to 11 African countries.

26. In recognition of the special difficulties being faced by African countries, Japan had undertaken a number of measures in support of the United Nations Programme of Action for African Economic Recovery and Development 1986-1990. They included various measures to provide co-operation for African development through IMF, the World Bank and IDA. For example, between 1985 and 1987, Japan had participated in special joint financing with the World Bank's Special Facility for sub-Saharan Africa and IDA to the amount of approximately $300 million. It intended to make another $300 million ODA loan to sub-Saharan Africa in collaboration with IDA over a two-year period from 1988 to 1989. It had also decided to provide about $2.6 billion of the $12.4 billion eighth replenishment of IDA, approximately 45 to 50 per cent of which was to be allotted to sub-Saharan Africa. It had also pledged a $21 million contribution to the IFAD Special Programme for sub-Saharan African countries affected by drought and desertification.

27. His delegation shared the Secretary-General's view (18th meeting) regarding the importance of human resources development and believed that the international organizations should pay more attention to that basic element in their development programmes.

28. His delegation also welcomed the progress made in preparations for the International Decade for Natural Disaster Reduction. Japan, together with Morocco, had taken the initiative of launching the Decade at the forty-second session of the General Assembly. Itself a disaster-prone country, it was keenly interested in improving and strengthening the international community's capacity for effective prevention and relief activities in the field of natural disaster. The Japanese Government had made a financial contribution to the first meeting of the *Ad hoc* Group of Experts for the International Decade, and hoped that the Group would produce a useful report.

29. The Conference on United Nations Humanitarian and Economic Assistance Programmes Relating to Afghanistan was held in New York on 14 June 1988 following the Secretary-General's appeal for assistance.[5] His delegation had expressed great appreciation of the role played by the United Nations in the peace process and the quick and effective action taken by the Co-ordinator for United Nations Humanitarian and Economic Assistance relating to Afghanistan. It was important for countries and international agencies to give the Co-ordinator full support so that the organs of the system could work together within a unified and co-ordinated framework. The international community should also unite its efforts to bring about a smooth voluntary return of the Afghan refugees to their homeland. It should also be borne in mind that assistance relating to Afghanistan should be carried out so that its real and direct beneficiaries were the Afghan people. Japan would co-operate to the full in facilitating the voluntary repatriation of the refugees and, at a later stage, the restructuring and development of Afghanistan. The Government was currently studying the Secretary-General's appeal closely and the specific form of co-operation would be worked out in due course.

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[5] See SG/CONF.3/1, foreword.

30. Regarding the preparation of an international development strategy for the Fourth United Nations Development Decade, his delegation believed the first step must be a thorough assessment of the Third Decade. Careful consideration should be given to whether the United Nations should have another international development strategy. If so, its formulation should be preceded by sufficient study and preparation to ensure that it would have a useful impact. A new and fresh approach might well be needed.

31. It was regrettable that the Council's Special Commission had been unable to agree on concrete proposals for reform in United Nations activities in the economic and social fields. Such reform was urgently required and should be further pursued in order to respond to the genuine needs of the international community. The most important and serious issue in respect of the restructuring of the United Nations economic and social activities was not the possible expansion of the Council's membership but the attitude and political will of individual delegations and Governments.

32. In conclusion, he expressed his delegation's appreciation of the Secretary-General's proposals (E/1988/79, para. 13) concerning the improvement of the ACC/CPC Joint Meetings, including changes of venue and timing in response to the resolutions submitted by Japan at the second session of the Council in 1987. Japan intended to introduce another draft resolution in response to those proposals at the current session and hoped it would be adopted by consensus.

33. Mr. TREIKI (Libyan Arab Jamahiriya) said that the solution to the universally acknowledged world financial crisis lay in mutual sacrifice. History taught that there could be no world peace while the division between poor and rich countries was steadily deepening. The reasons for the crisis were well known, as was the fact that it weighed chiefly on the developing countries. So far there had been a collective failure to address the situation or to allow a solution to be reached either internationally or regionally. The crisis had been compounded by population increases in the developing countries, the depletion of their natural resources and the technological gap between the rich countries and the third world, exacerbated by the tied transfer of technology.

34. The world had gone through several phases of colonialism at the expense of the interests of the developing countries. Currently, the developing countries were faced with a serious debt problem that constituted virtually recolonization through economic means. Through economic colonialism, the countries of the third world, despite the sacrifices they had made for freedom, were losing political independence because of their economic situation and their immense debt burden. Some countries were unable even to service their debts, while others were using all their export earnings to pay the interest on their loans. The situation was dangerous not only for the debtors but also for the creditor countries. There had been no serious examination of the problem so far and unless collective measures were taken increasing protectionism could only lead to a further deterioration.

35. The responsibility did not lie with the debtor countries only: many of them had been unable to use the loans to advance their own interests. Large sums of borrowed money had had to be expended on projects which had merely worsened their situation. The price of manufactured goods had continued to increase while commodity prices had fallen still further, causing balance-of-payments difficulties for the developing countries. The exploitation of the developing countries by transnational corporations posed an equally serious threat of economic crisis. In particular, transnational corporations were playing an important and iniquitous role in countries such as Namibia which were still subject to colonialism and racism.

36. Another factor in the economic crisis of the developing countries was the economic measures applied by some States against others in the form of sanctions and prohibition of the export of technology. Such measures had been applied to the Libyan Arab Jamahiriya itself, as well as to the Syrian Arab Republic, Nicaragua and other countries. Such action, undermining the economies of those States, was a violation of the Charter and decisions of the United Nations. The use of economic relations as a means of political and economic coercion against developing countries had been the object of General Assembly resolution 42/173 of 11 December 1987. The protectionist measures applied by some developed countries to developing country exports had also helped to worsen their situation.

37. Political events had had a direct influence on the economic and social position of the developing countries. Regional wars and the absence of peace and security in areas subject to direct colonial rule had affected Africa and the Middle East especially. The Arab region in particular had been suffering since 1948 from Zionist occupation and the consequent direct threat to peace. The Arab territories of Palestine were still under occupation and the military expenditure forced upon the Arab countries meant a distortion of their balance of payments. Even Arab countries a thousand miles away from the Middle East suffered the same effects. In southern Africa, where the racist régime of Pretoria was still occupying Namibia and parts of Angola, the front-line States were being forced into increased military expenditure despite their economic problems. A similar situation obtained in the Mediterranean region, where the Libyan Arab Jamahiriya, once a victim of Fascist occupation with the loss of almost half its population, had recently been subjected to military aggression by an imperialist Power, causing the death of many of its citizens and the destruction of its economic institutions.

38. A new problem, which posed a threat not only to the developing countries but to humanity at large, was that of nuclear waste. Some western countries and companies were seeking to exploit the economic situation in Africa and the developing world by dumping nuclear waste in poor countries. At its forty-eighth regular ses-

sion, the Council of Ministers of the OAU had adopted a resolution on that matter[6] and the Council should take a similar stand.

39. The world would never be secure while it was divided into two groups, the poor and the rich. Member States must confront the problem collectively and engage in a joint search for solutions. Since the industrialized countries' prosperity was mainly due to the wealth extracted from the developing countries, they had a moral responsibility to support the efforts of the developing countries to extricate themselves from poverty in ways that would not lead to an increased burden of debt or that would be used as a means of imposing political terms and conditions on them. Existing international financial institutions, such as IMF and the World Bank, were in need of radical reform. Although their activities had helped to some extent to alleviate the problems of the developing countries, they had also been used to impose unacceptable conditions on them.

40. The North-South dialogue should be revitalized, with developed and developing countries participating on an equal footing in a partnership for development. The South-South dialogue between developing countries was also important. In many cases, regional co-operation had led to excellent results. In the financial field, the institutions of the OPEC countries, the Arab Development Fund and the Islamic Development Fund, and AfDB, were examples of such co-operation. The developing countries had sought to complement each other's resources by entering into partnerships with each other for operational activities. In that way, the Libyan Arab Jamahiriya had participated in more than 100 joint projects.

41. In conclusion, he commended the action of the United Nations system as a whole and the efforts made by its member organizations. The developing countries did not want charity but reform, so that Member States could shoulder their collective responsibility and achieve the common goal of peace and prosperity.

42. Mr. LEVITTE (France) said that much progress had been made, although more was needed, in organizing economic relations between the OECD countries. All the governments concerned had felt the weight of external constraints during the 1970s and, although they had emerged from the combined inflation and recession of that period to regular albeit slow growth and moderate inflation, they could not be satisfied with a situation in which they suffered, to various degrees, from unemployment, the marginalization of parts of their population and a dangerously insecure financial situation in respect of their social welfare systems.

43. To support their own development efforts, the rest of the world needed the massive assistance, and hence the growth, of the industrial countries of the West and of eastern Europe. Such assistance would be more effective if it was better shared among all those States which were in a position to contribute.

44. International economic relations remained unbalanced, not only between developed and developing countries but within both groups. The President of the French Republic had warned the OECD countries a year ago of the danger of such imbalances and had suggested that countries with a trade surplus should stimulate their economies by lowering interest rates and increasing public expenditure, and that countries with a large budget deficit should take immediate steps to bring it to a more reasonable level. Lastly, he had advocated a massive increase in assistance to the developing countries, special treatment for the debt of the poorest countries and a further opening of rich countries' markets to developing country exports.

45. A year later his message seemed to have been heard, at least in part. The western industrial countries had become more aware of the need to act as a group and to co-ordinate their actions to that end. A renewal of the spirit of international co-operation had marked the Toronto Summit Meeting as well as meetings of the European Council and of OECD.

46. Freedom of trade must be protected and increased within the framework of improved competition. Serious efforts must be made to bring up to date the still fragile monetary and financial system. Pending such reform, currency policy would have to rely chiefly on exchange rate variations. Nevertheless, the effort to agree had made it possible to limit the range of fluctuations. France was continuing to play an active role in seeking agreement among the western countries on budgetary and monetary policy. The price, though sometimes high, was fully justified by the obvious results.

47. In a rapidly and constantly changing world, adjustment was a continuing process for all countries. The most difficult and also the most important task was to adjust human resources to the demands of creativity and economic competition and also of a better balanced social life and richer cultural exchanges. That was one of the keys to successful adjustment, that "adjustment with a human face" which was so vital to both industrial and developing countries. The High-Level Meeting on Employment and Structural Adjustment, held at Geneva from 23 to 25 November 1987[7] at the initiative of the Director General of ILO, had, for the first time, enabled specialists in social matters and specialists in financial matters to reach agreement on a set of principles for adjustment taking into account social realities and employment. The meeting was a good example of the new form of North-South dialogue. A promising approach in that direction had also been found by the UNCTAD secretariat. The North-South dialogue had thus been decentralized to the places where economic and political decisions were made: the UNDP Round Tables and their preparatory meetings and the World Bank's Consultative Groups were places where those responsible for development and co-operation could meet. Such informal institutions as the Paris Club or the London Club also served as catalysts for the decision-making that determined the course of development.

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[6] See A/43/398, annex I, resolution CM/Res.1153 (XLVIII).

[7] See ILO document WEP 2-46-04-03 (Doc.3).

48. France had a long tradition of co-operation, bilateral and within the EEC, with the ACP countries especially. It had become more aware, however, of the importance of the multilateral instruments of the United Nations system for helping to solve some of the most crucial problems of development.

49. The thirteenth special session of the General Assembly, on Africa, had revealed the special gravity of that continent's problems where inadequate natural resources and dependence on a few primary commodities had led to structural imbalances in the African countries' trade balances and current accounts which had led in turn to a debt-servicing burden that was increasingly difficult to support. New markets must be sought for their products and new products developed, and bilateral and multilateral means of financing must be found. The whole range of instruments must be used. In addition to its classic bilateral assistance in the shape of investment and technical co-operation, therefore, in 1988, France would be devoting almost 3 billion francs or $500 million, three times as much as in 1986, to non-project assistance in support of the African countries' efforts at structural adjustment.

50. France had made its contribution within the framework of the EEC in particular, where it had made possible a 60 per cent increase in the sixth European Development Fund; in IDA, to the eighth replenishment of which it had contributed $880 million; and in the World Bank, the doubling of whose capital France had always supported, through the special programme for structural and sectoral adjustment in the poorest and most indebted countries, which would mobilize $6.3 billion in three years and to which France would be contributing $800 million. France was also the major donor in respect of adjustment in sub-Saharan Africa. In the case of IMF, France welcomed the tripling of the funds of the Structural Adjustment Facility, which it had supported since it was first suggested, and would be participating to the extent of 800 million SDRs in the expanded Facility. Within the framework of AfDB, it had argued successfully for tripling the capital of the African Development Fund and had increased its participation from 7.3 per cent to 8.9 per cent during the fifth replenishment. Thus, France was resorting increasingly to multilateral mechanisms. At a time when ODA was tending to decline, France, together with Japan, had been the only member of OECD other than Japan to increase the proportion of GNP devoted to ODA in 1987.

51. Now more than ever, the functioning of the international economy and co-operation for development were interlinked. France was seeking to advance on both fronts. As far as the poorest and most heavily indebted countries were concerned, France had made an offer to more than 20 of its debtors engaged in adjustment efforts whereby a third of their capital and consolidated interest repayments would be cancelled. The measure involved official development loans and guaranteed commercial loans for the periods covered by agreements negotiated with IMF. It was a new step that would cost French taxpayers dear, but could serve as an example of one stage in a permanently adjusted programme of political action, constantly agreed with the beneficiary countries as well as with other aid-providers.

Mr. Aguilar (Venezuela) resumed the Chair.

52. Mr. TRANT (Executive Director, World Food Council), presenting the report of the Fourteenth Ministerial Session of the World Food Council,[8] said the session had considered an updated report on the global state of hunger and malnutrition. Hunger and malnutrition were increasing in Africa, Asia and Latin America and the living conditions of the poorest people were continuing to deteriorate in difficult national and international economic environments. Nevertheless, social concern was also growing and many countries were seeking to protect the food security and well-being of their poorest people. The session had repeated the call for fundamental policy changes to improve the human condition, and specifically for a joint effort by all countries and international agencies to improve the food condition and nutritional levels of low-income groups during economic adjustment. The WFC secretariat would provide future Council sessions with comprehensive analyses of policy options, country experiences and progress in the fight against hunger.

53. The session had reaffirmed that more resources must be channelled, nationally and internationally, to the world's poor. Equitable economic development, essential for the alleviation of hunger and poverty, required greater resource flows to developing countries through improved international trade conditions, feasible approaches to debt problems and increased development assistance. The ministers had also noted with satisfaction the progress made with regard to disarmament, détente and regional peace efforts.

54. Against that background, the Council had unanimously decided to launch the Cyprus Initiative Against Hunger in the World.[9] Growing hunger amidst food surpluses remained a cruel fact. While global cereal stocks had increased during most of the 1980s, reaching record levels in 1987, in many developing countries, food production was not keeping pace with population growth, financial constraints had reduced food imports, non-emergency food aid had remained stagnant and food consumption levels had been declining. The ministers had considered a WFC secretariat proposal for an international hunger initiative based on a combination of concessional food transfers from food-surplus developed countries and efforts by developing countries to alleviate hunger and poverty. It had been observed, however, that food surpluses and hunger were separate problems and that a broader effort was required. Past policies and programmes had not succeeded in reducing hunger and malnutrition and future progress would depend on a better understanding of why the efforts of the international community had proved insufficient. Immediate effective action was required, drawing upon the lessons of the past. It was in

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[8] *Official Records of the General Assembly, Forty-third Session, Supplement No. 19* (A/43/19).

[9] *Ibid.*, para. 11.

that spirit that the WFC had decided to launch the Cyprus Initiative.

55. The President of WFC had been requested to present a full, action-oriented report to the fifteenth ministerial session in mid-1989. An informal *ad hoc* consultative group was to be established to assist him in his task. The group, which would consist of representatives of States members convened by the regional vice-presidents of the WFC, relevant international organizations and the President, would review and assess the policies and instruments currently available and identify the obstacles that had hindered their greater impact, consider concrete and realistic measures to make existing policies and instruments more effective, identify workable initiatives and recommend a course of action. The group's proposals would be examined by the WFC Bureau before the end of 1988. He had already held discussions with the heads of the United Nations organizations and some specialized agencies and sought their support and suggestions for the formulation of concrete proposals. He intended also to contact Governments and hoped to present specific suggestions to the General Assembly.

56. WFC had continued to work closely with other United Nations bodies. In particular, it had joined with UNEP in drawing the attention of the ministers to some of the critical issues relating to food and environment. It had called for the pursuit of sustainable global food security through production systems that safeguarded natural resources and protected the environment. Since it was possible to increase agricultural productivity without land degradation, WFC recommended that environmentally sound agricultural management practices should form an integral part of national food strategies. They should receive sufficient attention in resource allocation, including drought and disaster relief, and rehabilitation measures that combined environmental protection and income support for low-income, food-deficit countries. WFC had welcomed reference by the Executive Director of UNEP to three practical actions regarded as promising for co-operative activity: convocation of regional meetings of agriculture and environmental ministers to stimulate the co-ordination of policies and planning for agricultural development, and natural resources and environmental management; regular reviews of progress of the low-income, food-deficit countries towards achieving sustainable food security through better management of natural resources as case studies to be disseminated for adaptation and replication; and the selection of a few food-deficit, low-income countries, perhaps from each region, to work with FAO, and WFC and IFAD with a view to assisting the countries in co-ordinating policy and planning for agricultural development with natural resources and development policies. He hoped that UNEP, jointly with all United Nations agencies concerned, would continue to mobilize the necessary political will and financial resources to stimulate a more coherent action to face present and future challenges.

57. The ministers had emphasized the benefits of liberalized international trade in agricultural and tropical products to all countries and especially the food-security development and food-security efforts of the developing countries. Some advances had been made over the past year in multilateral trade negotiations, but WFC had expressed deep concern that there had not been further progress. It was urged that the December 1988 mid-term review should impart a decisive momentum to multilateral trade negotiations, especially in the areas of agricultural and tropical products by adoption of standstill and rollback measures consistent with long-term reform. Negotiations must provide for special and differential treatment for all developing countries and take into consideration the food-security objectives of low-income, food-deficit countries. The WFC session had reiterated the view that all countries stood to benefit from a successful outcome of the Uruguay Round, and strongly urged all participants to take that opportunity to create a free, open, stable and equitable trading system.

58. Following the WFC President's report on his meeting with international food, trade and financing institutions, the session recognized that improved policy co-ordination among international agencies had become more important than ever and that the agencies of the United Nations system must be assured of adequate, reliable financing. The session voiced concern about the financial crisis facing some organizations, and appealed to all Member States for timely payment of contributions. The secretariat would continue, particularly in regard to the "Cyprus Initiative" and other Council activities, to involve all the organizations concerned in order to streamline resources and policy and improve their overall impact.

59. The session had noted with satisfaction WFC's follow-up activities, particularly in support of the United Nations Programme of Action for African Economic Recovery and Development 1986-1990, in the context of WFC's consultations with African, Asian and Latin American countries. Ministers had expressed keen interest in the progress achieved in promoting training programmes, in line with the African countries' priorities, in support of food policy efforts, and had welcomed the support of OAU, ECA and relevant regional and subregional institutions. They had asked UNDP to adopt without delay the project prepared jointly with WFC to promote regional and South-South co-operation in food and agriculture, and had reaffirmed the Beijing call[10] for strengthening such co-operation, particularly technical co-operation among developing countries (TCDC), for which practical steps should be taken to step up the financing. In that regard, the expansion of tripartite arrangements had again been recommended. They had urged the developed countries to provide appropriate financial and technical support to TCDC and had urged the United Nations system and other international finance institutions to give suitable priority, in their programmes of work, to the support of TCDC; the President had been invited to emphasize to

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[10] See *Official Records of the General Assembly, Forty-second Session, Supplement No. 19* (A/42/19), part one.

the General Assembly, at its forty-third session, the importance of South-South co-operation.

60. Mr. FISCHER (World Bank) said that, particularly during the past 15 years, economic turbulence and uncertainty had characterized the global economy. The decade of the 1980s had seen high inflation, a worldwide recession that had sharply reduced commodity prices, extremely high real interest rates, and the emergence of the international debt crisis. Persistent trade imbalances had led to mounting protectionist pressures and the fear that restoration of the trade balance might cause yet another recession. The stock market crisis of October 1987 was a reminder of the potential fragility of the international economic situation, but the policy actions taken thereafter were an indication of the potential benefits of determined co-ordinated actions by the industrialized countries.

61. External shocks had severely affected the developing countries. For those hardest hit, particularly the highly-indebted middle-income countries, and the countries of sub-Saharan Africa, much of the economic progress achieved in preceding decades had been virtually wiped out. For many of them the 1980s had been rightly labelled "the lost development decade". Their economic decline had been even more prolonged than that of the industrialized world during the depression of the 1930s. Despite that discouraging picture, progress had been achieved in some important areas. Inflation had been brought under control and economic growth had resumed in industrial countries. Collapse of the international financial system had been averted. Negotiations had been launched within the Uruguay Round to strengthen the multilateral trade system and bold adjustment programmes were being implemented in a growing number of developing countries. World economic stability would, however, remain in jeopardy unless the essential adjustments were sustained by both developed and developing countries.

62. Given their dominant position in the global economy, developed countries bore the major responsibility for the global adjustment effort. In the area of trade liberalization, for example, little progress had so far been made, although there was much to be hoped for from the Uruguay Round. The recently increased emphasis of the OECD countries on the removal of domestic distortion and excessive regulation was both a source of hope and a reminder that important tasks needed to be addressed. Persistence in macro-economic adjustment would be essential, especially in the major economies. In the United States fiscal restraint would have to be increased in order to reduce the current account deficit and promote lower interest rates. Complementary policy actions would call for Japan to sustain, and for the Federal Republic of Germany to expand, their demand stimuli through a combination of monetary and fiscal measures. Supportive action by other countries with a strong external position —including the newly industrialized economies in Asia —could further the adjustment process by increasing domestic absorption. Taken together, those measures could improve the prospects for higher growth in the world economy by enhancing financial stability, reducing unemployment, and decreasing external imbalances. Such growth would boost the developing country exports, ease their debt-service burden, and improve their creditworthiness.

63. As far as the developing countries were concerned, following the recession of the early 1980s, discussion on adjustment and development had intensified at both the national and international levels although the inseparability of the two processes had not always been sufficiently emphasized. Development implied and required adjustment—new economic realities, rapid technological change, altered comparative advantage, and changing external conditions. There was now little argument about the necessity of adjustment for development, and policy concerns had come to focus on the nature and scope of adjustment and its economic and social impact, especially on vulnerable groups. Many developing countries had taken up the adjustment challenge and adopted wide-ranging reforms to improve the policy environment for economic growth. The task had been difficult, given the social and political constraints, institutional weaknesses, the unfavourable external environment, and the lack of adequate and assured external assistance.

64. In many countries Bank support had been of critical importance. While some encouraging results had been achieved, they were but the first steps along the difficult road to sustained growth. Ghana, for example, had achieved a welcome turnaround in GDP growth, which had averaged more than 5 per cent annually, since the launching of its bold reform programme in 1983; the United Republic of Tanzania had recorded positive per capita income growth in 1986 for the first time in a decade; Togo, utilizing its third adjustment loan from the Bank, had achieved growth of about 3 per cent in 1985-1986; while in Guinea, during the first phase of its economic adjustment programme launched in 1985, GDP had grown by 6 per cent in 1987 and inflation had fallen from 78 to 33 per cent as compared with the preceding year. Public sector deficits in some 23 major developing countries had been reduced by about one third in relation to GDP. Major tax reforms had been implemented in a number of countries (e.g., Colombia, Indonesia and Jamaica) and trade liberalization programmes had been adopted. Agricultural and industrial incentives had been increased and reforms had been undertaken in many countries to improve macroeconomic management, particularly the efficiency of public sector enterprises. The broad adjustment momentum should be sustained, and even increased, with adequate external support.

65. External debt was a heavy burden upon many of the countries where structural reforms were needed. The resolution of the debt crisis remained an elusive goal, and the major heavily indebted countries of Latin America, Africa and Asia remained far from establishing normal access to international capital markets. The problems of the low-income debtor countries—almost entirely in sub-Saharan Africa—differed somewhat from those of the middle-income debtors. A

consensus had emerged that countries with extremely low and declining per capita incomes, whose exports generally faced poor prospects of expansion, required substantial reduction of their debt burdens if they were to implement successful adjustment programmes. Those principles had been recognized at the Toronto Summit Meeting, and the Bank had not only increased the allocation of its concessional resources to the countries concerned but had also obtained donor support for co-financing adjustment programmes, to which donors had already pledged some $6.4 billion. Although restoration of sustainable growth remained a central goal of the debt strategy in the middle-income debtor countries, prospects for increased commercial bank finance in the foreseeable future were not encouraging. Commercial banks had in fact started to explore methods of orderly debt reduction and there was growing recognition that consensual market-based relief might enhance the value of commercial bank claims on the indebted countries. The World Bank had been encouraging the evolution of the so-called "menu approach" and was ready to help to develop and support market-based solutions for debt reduction on a case-by-case basis.

66. Over the longer term, sustained growth was clearly essential if poverty was to be alleviated, and efforts directed to improving the productivity of low-income people were a more effective means to that end than merely providing transfers to them. The President of the World Bank had often characterized its primary role as being to reduce poverty on an international as well as on a national basis, which was why significant amounts of Bank lending were directed to improving the access of the poor to food, shelter, health care, and education. During the 1970s, government efforts to reduce poverty had generally taken place within a favourable context of widespread economic growth, whereas, at the present day, that task was rendered more arduous by an environment of limited growth, indeed, in some cases no growth at all. It had to be recognized that some adjustment policies might adversely affect the poor: for example, the reallocation of fiscal resources between sectors and activities might benefit some groups, such as farmers, while penalizing others, such as urban wage earners.

67. Consequently, the need to protect the more vulnerable groups was receiving increased emphasis from the Governments of developing countries, and from donors, including the Bank. In Ghana, for example, an action programme, for which the Bank had helped to obtain $85 million in pledged external assistance, would provide support for those affected by adjustment, particularly in the areas of health, education, employment and shelter. In Bolivia, IDA had recently approved a further $27 million to support the Government's emergency social programme to provide relief through food distribution, and employment through road maintenance and small-scale irrigation for those displaced by reform measures to check runaway inflation, stabilize the economy and revive economic growth. In supporting government efforts, the Bank believed that greater emphasis needed to be given to the role of policies and institutions, including the reallocation of public resources to social services, and to identifying priority areas for poverty alleviation, to which resources should be shifted.

68. Adjustment lending by the Bank had been prompted by the severe balance-of-payments crisis faced by developing countries during the early 1980s. Since then, the Bank had approved 121 adjustment loans totalling more than $15 billion, and, in the past financial year, adjustment lending had risen to almost 25 per cent of total Bank/IDA lending. Fifty-one countries, mainly in low-income Africa and among the highly indebted middle-income countries, had so far received adjustment loans. Such lending represented much more than mere financial support; it reflected an ongoing policy dialogue with member Governments that was underpinned by an extensive programme of economic and social sector work. As well as co-operating with Governments, other United Nations bodies and non-governmental organizations, the Bank was expanding its research into ways to improve the design and effectiveness of adjustment programmes and assessments of their macro-economic impact. The Bank was encouraged by a number of major actions recently endorsed by its shareholders that increased its capacity to meet the challenge of growth-oriented adjustment and poverty alleviation. They included: agreement on a general capital increase of $75 billion, representing an 80 per cent expansion in the Bank's authorized capital and would raise the level of its lending programme to over $20 billion a year over the coming five years, as well as strengthening its leverage in mobilizing other donor resources; the establishment of the Multilateral Investment Guarantee Agency (MIGA), to provide foreign investors with greater protection against non-commercial risks at a time of growing economic and political uncertainty, and to deliver an integrated package of managerial skills; the eighth replenishment of IDA in the amount of $12.4 billion—which underlined the Bank's continuing priority concern with the needs of its poorest members, especially in sub-Saharan Africa, to which 50 per cent of the eighth replenishment of IDA resources would be allocated over the coming three years; and the Special Programme of Assistance, to which donors had pledged some $6.4 billion in highly concessional co-financing aid for the coming three years in order to support adjustment efforts in low-income debt-distressed countries in sub-Saharan Africa.

69. Such programmes provided a solid basis for an enhanced Bank contribution to the adjustment effort over the coming years. The Bank was well positioned to contribute substantively to the goal of making growth-oriented adjustment work. He was convinced that the enormous challenge ahead could be successfully met if, with the developing countries taking the lead, all parties were to work together with determination and resolve. To that task the Bank stood fully committed.

The meeting was suspended at 5.40 p.m., to give delegations an opportunity to put questions to the representative of the World Bank, and was resumed at 6 p.m.

70. Mr. ESCOBAR (Observer for Chile) reaffirmed his delegation's conviction that the multilateral machinery for discussion and negotiation on economic and social questions would regain its former importance in the near future.

71. There seemed to be no clear-cut approach to remove serious limitations on the expansion of trade and devise a lasting solution to the debt problem. That was not the view of the developing countries only. It was also a view expressed in IMF, the World Bank and GATT reports, and in speeches by their representatives.

72. In his foreword to the *World Development Report, 1988*, the President of the World Bank wrote that the industrial countries needed to reduce their external payments imbalances, and that otherwise the world economy as a whole and especially the developing countries, could face a serious risk of recession and financial upheaval. Developing countries, he wrote, needed to persevere in restructuring their domestic economic policies in order to gain creditworthiness and growth. Net resource transfer from the developing countries would have to be trimmed so that investment and growth could resume. Those were the three interdependent policy challenges that had to be faced.

73. The communiqués of the major industrialized countries which met to decide the fate of at least the western world contained no clear long-term answers to such important issues as the structural imbalances reflected in the industrial countries' balances of payments, budgets and exchange rate and monetary policies. So far as the problem of indebtedness of the developing countries was concerned, the policy was one of "muddling through".

74. Trade and indebtedness should be major themes in the Council's deliberations. *The World Development Report, 1988*, said that significant problems remained, despite the industrialized countries' success in reducing inflation and maintaining a positive rate of growth: high real interest rates, declining investment rates, volatile exchange rates, growing current account imbalances, rising protectionism, and, in Europe, high unemployment. It was astonishing that the Bank should have to cite "rising protectionism" as a problem in the middle of the Uruguay Round. In that situation, per capita GDP had fallen in the sub-Saharan African and heavily indebted countries. In some developing countries, the Bank said the severity of the prolonged slump surpassed that of the Great Depression of the industrialized countries in the 1930s. Because of their small domestic markets, most developing countries were highly dependent on international trade for economic growth, but as the Bank report pointed out, growing subsidies and trade protectionism, such as in the EEC Common Agricultural Policy, had caused over-production in the industrialized countries, with dire consequences for the developing world. Real prices of developing country exports at the end of 1987 had been 33 per cent below the 1980-1984 average and markets had contracted owing to low growth rates and rising protectionism in the industrialized countries. The Bank pointed out that the industrialized countries should reverse the trend of rising protectionism for their own benefit as well as for that of the developing countries.

75. As the Bank noted, growth and trade policies in the industrialized countries had a direct bearing on export opportunities for developing countries. Steady growth and more liberal trading policies in industrialized countries would benefit the wider world economy.

76. It was obvious that, if not a gulf, at least a gap existed between rhetoric and trade practice. In the Uruguay Round, agreement had been reached on standstill and rollback, but no progress had been made in either area. A small country like Chile could hardly take seriously statements that the world was moving towards a freer and more efficient system of international trade. How could such countries persuade the major partners in world trade to lower trade barriers? The developing countries applauded calls for freer international trade, efficient resource allocation, and respect for comparative advantage, only to find that the advocates of those principles and policies applied them only when it suited them.

77. Apart from trade, the main external factor in the economic performance of the developing countries was the availability—and cost—of international finance. The debt crisis had had a great impact, and one of the international community's most urgent tasks was to find ways of reducing the persisting threat of developing world indebtedness. Traditionally net importers of capital, the developing countries had, according to the World Bank, made transfers of $85 billion since 1982. The world economy had not collapsed under the strain of the debt burden, thanks to the private lender banks, the Governments of lender countries, international financial agencies and the tremendous adjustment efforts of borrower countries. But, as the World Bank pointed out, debt continued to be an obstacle to the growth of the debtor countries and weakened the world economy. Future defaults and moratoria might occur and were a threat to the stability of the international financial system. A scheme to reduce the debt burden must, the Bank suggested, have two components: debtors needed to grow more rapidly and export more, and the cost of debt servicing must fall. Given the correct policies in industrialized countries and developing countries those components could go hand in hand.

78. He urged the Council to undertake an in-depth analysis of the relations between trade and financing, looking beyond the coming months into the next century. It was necessary to solve the problems of the developed countries as well as those of the poorer nations. In an interdependent world it was essential that the developed countries should set their houses in order and solve their internal problems to enable the developing world to achieve steady growth.

79. Mr. RUTANEN (Finland) said that in the course of the discussion it had been stated that only two of the OECD countries had increased their ODA in the past year. Finland had in fact also increased its ODA in 1987 by the substantial amount of 25 per cent. It expected its

contribution to reach the United Nations target of 0.72 per cent of GNP within a period of two years.

AGENDA ITEM 1

Adoption of the agenda and other organizational matters (*continued*)

80. The PRESIDENT, referring to the draft decision submitted by Canada on international co-operation to integrate women in development (E/1988/L.29), said it was his understanding that, as a result of consultations held by the Vice-President, Mr. Pashkevich, agreement had been reached on a new draft decision and that the Canadian delegation had agreed to withdraw its own proposal.

81. Mr. PASHKEVICH (Byelorussian Soviet Socialist Republic) confirmed that agreement had been reached and read out the following text: "The Economic and Social Council decides that, given the interest shown by a number of delegations and the opportunity provided under item 2 of the agenda, a plenary meeting should be dedicated to a debate on the economic aspects of women in development." It would be particularly timely for the Council to hold such a discussion given the inclusion of annex I, on selected indicators of the socio-economic attainment of women, in the *World Economic Survey 1988* (E/1988/50).

The draft decision was adopted (decision 1988/1512, para. 2).

The meeting rose at 6.25 p.m.

23rd meeting

Monday, 11 July 1988, at 10.10 a.m.

President: Mr. Andrés AGUILAR (Venezuela)

E/1988/SR.23

AGENDA ITEM 2

General discussion of international economic and social policy, including regional and sectoral developments (*continued*)

1. Mr. BENHIMA (Observer for Morocco) said that the world economy was becoming ever more deeply enmeshed in an unprecedented structural crisis. In international trade protectionist pressures were stronger than at any time since the great depression of the 1930s. Export subsidies on agricultural products amounted to twice the total amount of ODA, and the slump on commodity markets was the greatest for 50 years. The excessive burden of indebtedness, much of which had become irrecoverable, threatened to plunge the international financial system into bankruptcy. Exchange and interest rate instability held out the threat of even graver financial upheavals.

2. The upshot of those trends was a fall in standards of living for the world's inhabitants, the great majority of whom lived in developing countries. Population pressure, combined with the deteriorating economic climate and the crushing debt burden, had created a tragic situation in the many African countries where development was having to take second place to a struggle for survival. As the persistence of such conditions was bound to undermine national stability, it was urgent to restructure the international economic environment in order to transform current relations into ties of interdependence based on genuine solidarity among all members of the international community.

3. Inspired by the principle of collective responsibility reaffirmed in the Final Act of the seventh session of the United Nations Conference on Trade and Development,[1] many developing countries had courageously pursued their structural adjustment efforts. Morocco, for its part, was engaged in restructuring industry and external trade, and exchange, monetary and credit legislation. Parliament was considering other reforms such as privatization. A new feature in the economic and social plan for 1988-1992 was increased flexibility and a strategy based on shared responsibility among the economic partners—the public and private sectors and local authorities.

4. Given the need for a new strategy to strengthen co-operation for development, an external climate conducive to growth in the developing world was called for. The developed countries would have to be encouraged to adopt a series of measures. First, they should adopt policies aimed at sustained growth through symmetrical structural adjustments, a further fall in interest rates and the restoration of exchange-rate stability. Secondly, they should reduce all forms of protectionism and improve the developing countries' terms of trade within the framework of the Uruguay Round. Thirdly, they should increase capital flows by providing concessional aid to low-income countries, increasing the resources of multilateral institutions and creating conditions for increased private investment. Fourthly, in co-operation with the debtor countries, they should devise realistic means of debt restructuring. Fifthly, they should grant

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[1] See 19th meeting, footnote 1.

preferential treatment in all those areas to the least developed and sub-Saharan countries. Sixthly, they should work towards the effective co-ordination of their economic policies and ensure their adjustment to development requirements through equitable, balanced multilateral monitoring. All those measures were directed towards the same end, the redirection of capital and trade flows to achieve the stability needed for world economic development.

5. The recent decisions by IMF and the World Bank to increase resource flows to Africa and the generous initiatives taken by some developed countries at the Summit Meeting, held at Toronto from 19 to 21 June 1988,[2] would facilitate economic recovery and development in Africa. With regard to the report and recommendations of the Advisory Group on Financial Flows for Africa,[3] he could not understand what criteria had led the Group to neglect the situation of the North African countries and Nigeria, which were among the world's most indebted countries.

6. Appealing for increased resources for IFAD and FAO, he said that the two organizations were in the forefront of efforts to support the African countries in their struggle for self-sufficiency and food security.

7. With regard to the in-depth study of the United Nations intergovernmental structure and functions in the economic and social fields, the United Nations, despite its financial crisis, was the principal forum for the consideration of global problems with a view to their solution in accordance with the general interest. The United Nations was not called upon to manage the world's differences but to propose solutions leading to an equitable system of joint management and collective responsibility in the world economy.

8. Mr. PEREZ NOVOA (Cuba) observed that despite a number of important events holding out hope of increased world stability and security, the structural imbalance of the world economy and the chasm between developed and developing countries continued to worsen.

9. The dependence of the third world countries and the growing imbalance of their economies were causing deep structural disparities in a world system in which it was increasingly difficult for them to find a place and where they were expected to play a minor role. Monopolistic management of commodity markets, rising protectionism in many developed countries, growing deterioration in terms of trade and the substantial contraction in ODA and overall resource flows to the third world countries were factors in the steady worsening of the economic and social situation in the great majority of developing countries.

10. Large as those phenomena loomed, none had an impact as great and wide-reaching as the external debt crisis which bedevilled the third world countries, held back their growth and created social tensions that might thwart the efforts being made to ensure world peace and security. Traditional measures to remedy the crisis, such as renegotiation or rescheduling and the adjustment policies imposed by international financial institutions had failed. Far from diminishing, indebtedness had increased and now exceeded $1,000 billion, an amount that could not possibly be recovered. Until the external debt crisis was ended through the adoption of appropriate economic, political and financial measures, the world could not enjoy sound and lasting stability and the debtor developing countries would be unable to achieve sustained economic growth or social progress. The situation was accompanied by a fall in the growth rate of GDP in developing countries, which had increased by only 2 per cent in 1987 against over 3 per cent in 1986. The figures contrasted with GDP growth rate of 2.7 per cent in the developed capitalist countries during the same period. The prospects for 1988 were equally discouraging. International trade would remain sluggish, with a growth rate unlikely to exceed 3 per cent.

11. The Latin American economy had worsened considerably during the past five years. External debts had risen in 15 years from $42.3 billion to $409.315 billion. Per capita income had fallen sharply and was stagnant, as was GNP. From being a net importer of capital, the Latin American and Caribbean region had become a net exporter and had lost over $145 billion over the past six years. Hampered by protectionism, the Latin American countries had not been able to rely on increased exports to implement the adjustment policies imposed on them by IMF and achieve a favourable balance of payments. They had been forced to make further cuts in consumption and reduce national investment in order to achieve a favourable trade balance through import reductions.

12. Preparation of a new International Development Strategy for the Fourth United Nations Development Decade would not be enough in itself. There would have to be genuine political will to implement the measures set out in the strategy and to successfully complete negotiations towards concerted solutions relating to the economic and social progress of developing countries. Three conditions must be satisfied in order to respond to the third world countries' aspirations. First, the goals defined in the strategy must be precise and realistic. Secondly, there must be genuine political will to negotiate on terms of equality and freedom from pressure. There were some ominous signs, among them the inflexible attitude shown by a group of developed countries during the two previous Decades, the frustrated implementation of the New International Economic Order, and the obstacles to global negotiations on development and international co-operation. Those shadows could only be dispelled by a new climate of trust in international relations that reversed the negative trends dominating the world economy. Thirdly, there should be no further attempts to impose outdated ideas based on ideologies inimical to third world development. It was for example recognized that the activities of transnational corporations were harmful in many countries where they operated and it would

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[2] See A/43/435.

[3] See 18th meeting, footnote 1.

be paradoxical to put them forward as a panacea for the economic difficulties of developing countries.

13. It was essential to uphold and revive multilateralism. In particular, there must be an end to the pressures on the United Nations which had led to the Organization's current grave financial crisis and which were jeopardizing its impartiality and indeed its very existence as the principal world-wide institution. The political and financial blackmail of the Organization must cease, as must attempts to paralyse its efforts to maintain peace and promote world development. The United Nations would then be in a position to play its proper part as a stimulator and moderator in the implementation of the new Strategy. One precondition for the success of the new Strategy was assessment of the results of the current Strategy, good and bad, with a view to identifying obstacles and avoiding them in future.

14. He shared the Peruvian representative's views (19th meeting) concerning the role of the Council and was ready to play his part in efforts to promote world economic recovery.

15. He reserved the right to comment further on certain agenda items, particularly the in-depth study of the United Nations intergovernmental structure and functions in the economic and social fields.

16. Mr. MONTHE (United Nations Council for Namibia) said that the maintenance of Namibia in colonial status, in defiance of the most elementary rules of international law, was a source of disquiet and frustration for all, particularly for Africa, part of whose territory was still, in the last decades of the twentieth century, under the colonial yoke. Since its creation in May 1967, the Council for Namibia had worked to uphold the interests of the Namibian people and protect the territory's natural resources. In September 1974, it had promulgated Decree No. 1 for the Protection of the Natural Resources of Namibia. That Decree was part of Namibia's national legislation. It expressed in legal terms the international community's will to fulfil its responsibility in regard to Namibia and ensure that its present status could not be taken advantage of by foreign economic interests in order to dispossess the people of its patrimony and wealth. The Council for Namibia appealed to all Governments to take legislative and other action to implement the Decree and put a stop to all operations and investment in Namibia by companies under their jurisdiction.

17. While welcoming the assistance provided by bodies of the United Nations system and by Governments to the various United Nations funds and programmes for Namibia, he stressed the importance of increased contributions to meet the needs of the Namibian people and of SWAPO with regard to food, health, education and housing. He also appealed to all Governments and international bodies to continue their political, moral and financial support for the Namibian people's struggle for freedom.

18. The Council for Namibia was also responsible for preparing the country for independence. In application of General Assembly resolution 37/233 of 20 December 1982, the United Nations Institute for Namibia had prepared a document on all socio-economic aspects of reconstruction and economic planning in an independent Namibia to serve as a draft for national planning.

19. The international community had a duty to assist the Namibian people to prepare for early independence. The Council for Namibia would continue its efforts, with SWAPO and the United Nations High Commissioner for Namibia, to mobilize international public opinion and support the Namibian people. It called on the international community to bring pressure to bear with a view to the imposition of national sanctions and a trade embargo against South Africa. It called also for a boycott of companies trading with South Africa and Namibia, with a view to hastening the end of colonial occupation.

20. Mr. CHARRY-SAMPER (Colombia) reaffirmed his country's attachment to the multilateral system. Despite its shortcomings, the system was necessary in a constantly changing world and was a concomitant of respect for international law and the quest for negotiated solutions to disputes. His delegation viewed the United Nations not as a bureaucracy thriving on its Member States' difficulties but as a forum for negotiation, creative dialogue and patient realistic but also idealistic construction, committed to seeking forms of coexistence among nations. In concrete terms, Colombia wished to help meet the Organization's financial crisis and had decided to pay half of its 1989 contribution at once. Its action was prompted by current priorities, the spirit of austerity and the redoubled efforts to improve the effectiveness of the multilateral system as a whole.

21. In 1987 the Secretary-General had formulated useful proposals to improve the intergovernmental machinery and had reaffirmed them in 1988, but the Council's Special Commission had been unable to reach a consensus on the proposals. In his view, a clearer division of labour should be established between the Council and the General Assembly and between the Council and its subsidiary bodies. In conformity with Chapter X of the Charter of the United Nations, the Council should be transformed into an effective co-ordinator of global economic and social policies and of the specific and convergent contributions of the specialized agencies. The crisis in multilateralism was affecting the Council, whose importance had steadily declined despite the efforts to revitalize it. There was no question of making it a quasi-parliamentary forum, a duplicate of UNCTAD or a replica of the General Assembly. If the Council was to play a major role, it must be a pragmatic negotiating body, guiding the joint action of international institutions with a view to facilitating economic co-operation at the world level and avoiding the adoption of policies unduly harmful to other countries by particular countries or groups of countries. That

would be an appropriate reflection of what might be termed the new development strategy.

22. The Secretary-General had also pointed out the importance of regional consultative and co-operation machinery and the need for periodic meetings dealing with matters relating to international economic relations. In that regard, the proposal, made by the President of his country, to hold a Latin American and Caribbean conference in 1988 to seek common solutions to the problem of growing poverty in the region had been supported by UNDP. UNDP had agreed to collaborate in organizing the conference, whose participants would include, in addition to the countries of the region, representatives of all development agencies and funds as well as interested non-governmental organizations. It was hoped the conference's findings would lead to recommendations which could be integrated in United Nations programmes for global action, thus contributing to the formulation of a concerted strategy against poverty.

23. It was two years since the Uruguay Round had opened, under the auspices of GATT. The talks were the most important event for the international economy currently in progress since their outcome would determine the future of multilateral trade. The Montreal ministerial meeting at the end of the year would provide an opportunity to take stock of the efforts to liberalize and expand international trade for the benefit of all countries, particularly those of the developing world. The example of tropical produce—the sole sector to which the Uruguay Round had decided to accord priority attention and in which the results were to have received early implementation—suggested that the outcome of the negotiations was unlikely to be encouraging for the developing countries. Progress might still be made, but concrete results on the liberalization of trade in tropical produce would have to be achieved before the end of the year if they were to be implemented in 1989.

24. It had to be recognized that, even if successful, the negotiations would not have a lasting effect unless other factors affecting the world economy were brought under control. The financial and monetary situation should also receive sustained attention. In that connection, his delegation shared the Secretary-General's disquiet about the limited progress towards solution of the debt problem, particularly that of the middle-income countries. Colombia was a party to the Cartagena Consensus, and regarded the debt issue as crucial. It deplored the persistent failure of certain financial circles to appreciate that if the developing countries went on using most of their foreign currency resources to service their debt, they would not have enough to finance their development and once again provide natural markets for the capital goods produced and exported chiefly by the developed countries. As a result, the disparities were widening between developing and developed countries, including some large socialist countries, and among developing countries themselves. In regions such as Latin America, access to international assistance was being steadily restricted, while other regions received more than a fair share of ODA. According to the World Bank, the present recession in Latin America was worse than the great depression of the 1930s.

25. In his view, it was too soon to say whether the ideas embodied in the Final Act of the seventh session of the United Nations Conference on Trade and Development were having a practical effect and whether the session had marked a revival of UNCTAD's work. At the Trade and Development Board's thirty-fifth session (first part), in September and October, it should be possible to see whether a genuine will existed to resolve the problems of trade and development or whether the Final Act had been a mere rhetorical exercise.

26. Mr. KOSTOV (Bulgaria) said that the Council was meeting in an improving world political climate influenced by such important factors as the activation of the political dialogue between the Soviet Union and the United States, the conclusion and ratification of the Treaty between the Soviet Union and the United States on the Elimination of Their Intermediate Range and Shorter-Range Missiles and a clearer realization, in all political quarters, that the modern interdependent world was confronted by serious problems which could be solved only through the joint efforts of all countries and peoples.

27. In view of the general slow-down in world economic growth, the malfunctioning of international economic, financial and monetary relations and structural imbalances, it was urgent for the world community to agree on mutually acceptable and co-ordinated action. All countries were experiencing in various degrees the impact of the negative trends in the world economy and international economic relations, but it had been particularly acute in the developing countries. As the *World Economic Survey 1988* (E/1988/50) noted, the large-scale problems faced by many of those countries were still unresolved. In some fields such as debt and restructuring, many governments had almost exhausted the means available to them for solutions. The *Survey* also rightly noted that efforts to overcome instability and imbalances in international economic relations continued to loom large in national and international policies.

28. Analysis of the reports of the Secretary-General entitled "Overall socio-economic perspective of the world economy to the year 2000" (E/1988/62), "Net transfer of resources from developing to developed countries" (E/1988/64) and "Main research findings of the system on major global economic and social trends, policies and emerging issues" (E/1988/65) again pointed to the main external factors which impeded and unbalanced the developing countries' economic development, the worsening conditions of international trade, due to growing protectionism, foreign debt and low commodity prices, the considerable and continuous outflows of financial resources from developing to developed countries, and abrupt exchange-rate fluctuations.

29. In recent years some countries had repeatedly asserted that the only way to resolve development problems was through structural reorganization of the developing countries' economies. In some cases, however, implementation of such reforms did not take into account the concrete situation and features of the countries concerned. The result was an aggravation of their political and social difficulties. In that regard, his delegation agreed with the views expressed by the Secretary-General in his report to the General Assembly at its forty-second session, about the social consequences and political risks of structural reorganization programmes.

30. In his delegation's view, all aspects should be taken into account in tackling the problem and effective means of multilateral co-operation should be sought, in order to contribute to the democratization of international economic relations, the creation of normal external conditions for the development of all countries, and the safeguarding of their economic security and right to a free choice of social and economic system. The task would require above all a continued improvement in the political climate, a sharp reduction in military spending and implementation of the principle of disarmament for development. The creation of a "disarmament for development" fund, whose establishment had been supported by many countries, could play a positive role in assisting the developing countries.

31. His Government considered that the appalling and potentially explosive problem of the developing countries' external indebtedness had long since ceased to be a purely economic problem and had assumed a political aspect, a fact recognized at the recent Toronto Summit Meeting of the most developed capitalist countries. The best means of solving the problem would undoubtedly be the elaboration—possibly at an international conference devoted to the issue—of an internationally co-ordinated strategy, taking into account the specific conditions of various countries and groups of countries, which would determine, on the basis of an equitable and mutual balance of interests, the main principles for solution of the external debt crisis.

32. In his delegation's view, it was essential to take measures without delay to normalize financial and monetary relations, stabilize exchange rates and consolidate mutual trust in that area. The necessary conditions should be created for stable and dynamic development of developing country exports through the strengthening and development of multilateral mechanisms to stabilize export earnings. It was of the utmost importance that the Common Fund for Commodities should be brought into force as soon as possible and that the role and scope of international trade agreements should be increased.

33. The international community also needed to take concerted action to overcome the critical economic situation in different regions of the world. Two years after approval of the United Nations Programme of Action for African Economic Recovery and Development 1986-1990,[4] poverty continued to increase in Africa. The logical conclusion was that more assistance to the countries affected and co-ordinated measures at the international level were urgently needed. In his delegation's view, the Programme of Action should be thoroughly evaluated by the General Assembly at its forty-third session. He recalled in that connection that his Government had decided to offer 1.1 million leva to the Africa Fund as a voluntary contribution to the development of the front-line States.

34. His Government's policy was to strengthen its relations with the developing countries. The volume of its economic assistance to those countries had grown constantly and had totalled 446 million leva in 1987, the bulk of which had been devoted to the economic development of African countries. One of the priority goals of Bulgarian assistance was the preparation of specialists to serve the developing countries' economies. Since 1956 over 18,000 students from 115 countries had received training and during the past two years between 4,000 and 5,000 Bulgarian specialists had contributed to the developing countries' scientific and technological development.

35. Trade relations were another important aspect of Bulgaria's economic co-operation with developing countries. The volume of trade with them had increased from 3.8 per cent of its total foreign trade in 1970 to over 11 per cent in 1986, the value being $3.1 billion. In response to the requests of developing countries and in conformity with UNCTAD recommendations, Bulgaria had been among the first countries to accord preferential customs treatment to imports of industrial and agricultural products from the developing countries, including duty-free entry to products from the least developed countries.

36. The search for common approaches to all questions relating to international economic relations was more important than ever. His delegation supported the Soviet Union's proposal for thorough consideration of the idea of a system giving early warning of problems in the world economy so that joint measures could be taken to avoid possible harmful consequences.

37. In his delegation's view, certain recent trends in East-West relations would undoubtedly have a positive impact on the development of international economic relations. On 22 June 1988 a declaration had been signed on the establishment of official relations between CMEA and EEC, and the establishment of official relations between individual member States of the two groups was in course. It was also to be hoped that the conclusion of the Vienna meeting of the Conference on Peace and Security in Europe would provide a strong impetus to European co-operation in the economic, scientific, technological and environmental fields. Those positive political developments must, however, be followed by material economic arrangements. Bulgaria was ready to participate actively in the process.

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[4] General Assembly resolution S-13/2 of 1 June 1986, annex.

38. The aim of the economic restructuring taking place in Bulgaria was to create the necessary conditions for renovation and intensive economic growth. The main features were the consolidation of the independence of economic enterprises, the adoption of a new approach to planning relying basically on economic instruments, and the integration of the foreign and home markets. The development of competition in the international and domestic markets was an essential factor in achieving the goals of the reform.

39. In general, Bulgaria's policy was directed towards closer economic association with the rest of the world. Bulgaria nevertheless thought that international competition should develop under equitable conditions and observe clear, predictable and stable rules. For that reason, the Government had taken steps in recent years to join GATT and accelerate dialogue with the EEC. It intended to play an active part in international monetary and financial relations and establish the economic conditions for a transition to convertibility of the national currency.

40. The forthcoming reconstruction of the mechanism for co-operation and socialist integration of CMEA would play a key role in accelerating the socialist countries' economic growth. CMEA's recent forty-fourth session at Prague had shown the member States' determination to follow that course.

41. Turning to the work carried out since the General Assembly's forty-second session concerning the reexamination of the United Nations intergovernmental structure and functions in the economic and social fields, he said that his country had taken an active part in the proceedings of the Council's Special Commission and that, although the work had not ended in the approval of a consensus document, it had led to a better understanding of the mechanism's functioning and an outline of those spheres in which countries had similar positions. There was no question that the existing structure had to a large extent proved its efficiency and had contributed to making the United Nations a centre for the discussion of important questions related to the constantly changing economic and social situation. The discussions in the Special Commission had nevertheless shown that changes were necessary in order to raise the professional level of work and give specific and practical substance to some bodies' activities. In that connection, Bulgaria was in favour of a balanced and careful approach, taking the interests of all countries into account. It would continue to collaborate with a view to achieving practical results in that field.

42. Mr. ELIASSON (Observer for Sweden), speaking also on behalf of Denmark, Finland, Iceland and Norway, said that the picture of economic development during the 1980s had not been uniformly gloomy. In large parts of Asia, in particular, the newly-industrialized economies were having a significant impact on the global economy, and both China and India showed encouraging growth and progress in social development. On the other hand, absolute poverty was also increasing and was estimated to be affecting some 500 million people in Asia alone. In Latin America the effects of the debt crisis had been serious. In the most heavily indebted countries, per capita income had fallen, investment was down to the 1970 level, income distribution had become more uneven, and social development was threatened. In Africa, the advances made in the 1960s and 1970s had been checked. In the sub-Saharan region, per capita incomes had decreased by almost 25 per cent and investment by 50 per cent and the terms of trade had worsened considerably. There too the poorest were the hardest hit. Advances in education and health had come to a halt, and in some areas infant mortality was rising. The African development crisis was a social as well as an economic crisis and called for solutions that necessitated politically difficult decisions. It was of crucial importance to ensure that social programmes could be carried through in spite of the constraints of economic adjustment. UNICEF had rightly understood that necessity and was promoting the concept of "adjustment with a human face".

43. Within the framework of a debt strategy based on growth-oriented adjustment and a case-by-case approach, special measures were required for the poorest debtor countries, particularly in sub-Saharan Africa. There was a need for increased financial flows on concessional terms, promise of which was held out by the eighth replenishment of IDA, by the World Bank cofinancing arrangements with bilateral donors, and by the new IMF Enhanced Structural Adjustment Facility. It was, however, disquieting to note the recently reported decline in real ODA flows, and the fall in the ODA/GNP ratio for 1987 from 0.35 to 0.34 per cent. It was imperative that donors, particularly the major industrial countries, should make every possible effort to mobilize additional resources for development. They should also do more to lighten the debt-service burden of the most heavily indebted low-income countries, which continued to grow in spite of repeated rescheduling. The Nordic countries had supported the 1987 debt relief measures adopted by the Paris Club, and welcomed the further step forward taken at the recent Toronto Summit Meeting.

44. In the field of trade, a concerted effort must be made to combat protectionism. It was essential to ensure the successful outcome of the Uruguay Round in which multilateral trade negotiations had reached the substantive stage and were likely to prove difficult. The Nordic countries were gratified that so many developing countries were taking an active part in the negotiations. For those still heavily dependent on a few commodities, it was vital that efforts in the commodity field should be directed towards realistic multilateral action based on the results of the seventh session of the United Nations Conference on Trade and Development.

45. In the view of the Nordic countries, international economic and social policy could no longer be discussed without taking into account the long-term perspective presented by the report of the World Commission on Environment and Development,[5] which made it clear

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[5] A/42/427, annex.

that, although existing development patterns might meet the needs of the present generation, they would impair the ability of future generations to meet theirs. Growth would henceforth have to be given a qualitative dimension, and every component of the United Nations system would have to be responsible for ensuring that its development activities were sustainable. The Council, assisted by the UNEP Governing Council, must see to it that environmental and development needs were harmonized. National measures were obviously of crucial importance, but they needed to be reinforced by action at the regional and global levels: the Norwegian Government had convened a regional conference in Europe for 1990, and similar initiatives were being taken in other regions. Consideration might also be given to holding a further world conference on the environment and sustainable development in 1992, 20 years after the United Nations Conference on the Human Environment held at Stockholm. Arrangements for, and the objectives of, such a conference should be discussed in the near future.

46. The Council had before it the report of CDP (E/1988/16), which presented some valuable findings on human resources development. On the question of the identification of the least developed countries, CDP had once again expressed reluctance to apply existing criteria, which it had for some time deemed inappropriate. CDP's decision to include a reappraisal of the question in its work programme for its twenty-fifth session was, therefore, to be welcomed, and the Committee should be encouraged to submit specific recommendations to the Council's second regular session in 1989.

47. United Nations operational activities, especially UNDP, had passed through a period of financial difficulties a few years previously—a crisis that had been described as political in nature, and due to a lack of confidence in the system. At the present time, when voluntary contributions, had with some notable exceptions, increased in terms of the currencies in which they were made, the persisting financial crisis was due to fluctuating exchange rates. Long-term support for multilateral action was more consistent than was sometimes claimed.

48. The current financial crisis presented, in fact, a paradoxical character. All were conscious of how substantial was the work that needed to be done, yet considerable time was being spent in discussing the very survival of the United Nations as an organization. The reduction in international political tension did, however, warrant cautious optimism. For example, the United Nations had succeeded in preparing a comprehensive action programme to assist the people of Afghanistan and to facilitate the repatriation of millions of refugees. The United Nations Programme of Action for African Economic Recovery and Development 1986-1990 was one of the most important United Nations economic initiatives of the 1980s and the multilateral institutions, including the financial institutions, were increasing their efforts on behalf of the Programme. The Uruguay Round was making progress and the results of the recent Toronto Summit Meeting would advance multilateral action on behalf of the poorest debtor countries. Against that background, the outlook for multilateralism was, therefore, hopeful and it was generally recognized that the multilateral framework made it easier to arrive at common solutions. The review of decision making, negotiating machinery and the institutional framework should be seen in that light.

49. Mr. SUJKA (Poland) welcomed the signs of an improvement in the international climate. The word "détente" had reappeared in the political vocabulary, and the tangible progress made in disarmament put the relationship between disarmament and development in a more promising context. The report of the World Commission on Environment and Development[6] had highlighted the links between economic and social problems. Once its economic and social sectors had been restructured, the United Nations should be in a position to make a strong multilateral response to the main challenges of the time.

50. Although the climate had improved, the world economic situation had not radically changed. Adjustments had been partially carried through, but trade imbalances persisted throughout the world. It was important that the Uruguay Round should succeed in a collective effort to resist protectionism and strengthen the open trading system. No solution of the global problem of external indebtedness was in sight and what had been called "debt and adjustment fatigue" was setting in, together with a widespread sense of frustration, particularly in the least developed countries. In spite of the new vistas opened up by the seventh session of the United Nations Conference on Trade and Development, the North-South dialogue continued to be in difficulties. Progress in East-West economic relations was painfully slow and several imbalances, such as the volume of debt, and trade asymmetries, were still awaiting resolute action. Artificial barriers were continuing to limit the availability of technology to the socialist countries.

51. As the *World Economic Survey 1988* (E/1988/50) pointed out, a more supportive international economic environment was of critical importance for the success of a growth-oriented global strategy of international co-operation, based on the provision of adequate financial flows throughout the adjustment process as well as commitment to undertake the necessary domestic efforts. Poland had initiated economic reform in 1982 and had continued to carry it out with due consideration of external exigencies, which were considerable for a country with a heavy debt burden. The reform had achieved a number of successes, and was currently directed not only towards activating domestic entrepreneurship but also towards attracting foreign capital and technology. The Government of Poland had recently confirmed its resolve to go ahead through a number of policy decisions and legislative changes which should accelerate

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[6] *Ibid.*

the reform processes, and lead to greater capital and labour mobility and a more efficient and more export-oriented production structure. Official sanctions had been given to the principle that what was not expressly forbidden by law was *ipso facto* permitted.

52. Europe's contribution to more balanced development of the world economy should include the intensification of East-West economic relations through a co-operation strategy built around three main pillars—further improvement of the overall political climate in Europe, normalization of financial relations and a more flexible approach to debt issues and liberalization of protectionist trade policies. It remained to be seen whether the first signs of such a strategy, which had been discernible at the Toronto Summit Meeting and various EEC summits, would be translated into practice. The new formula governing CMEA-EEC relations should considerably improve contacts between the two groupings and intensify economic interaction between their members. The current CMEA session had reaffirmed its intention to work in that direction.

53. For its part, the United Nations must make a substantive contribution to the elaboration of a workable global debt strategy based on the co-responsibility of debtors and creditors. The burden of adjustment must no longer fall overwhelmingly on debtor countries. His delegation welcomed the new international arrangements and facilities, especially those of the IMF and the World Bank, aimed at correcting that asymmetry, but it believed that the countries with the greatest influence on world markets and trade had special responsibilities. Domestic measures by the debtor countries were by themselves insufficient to solve the problem. Nor was debt relief enough. There must also be a resumption of capital flows to the indebted countries. The newly established Cracow National Centre for Research on Debt and Development was carrying out studies on those issues and was prepared to share its findings with all interested bodies.

54. While agreeing that there should be a carefully blended mix of measures, appropriate to each case, with richer "menus" offered to some groups of debtors, care must be taken not to contribute to a further stratification of the countries assisted or to add to the conditionality of concessional treatment. The strategy adopted should be pursued vigorously in favour of all heavily indebted countries, avoiding ostracism of any and procrastination in responding to their needs. Poland had had to devote $2 billion for debt servicing in 1987 and a total of almost $10 billion over the period from 1982 to 1987, yet its debt had increased by approximately $13 billion during that time. Unhindered access to the markets and credit facilities of other countries as well as growth-oriented economic adjustment and repayment schemes, worked out with its creditors and IMF, were, in his Government's view, the essential ingredients of a solution.

55. The time had also come to prepare a new international strategy for the Fourth United Nations Development Decade, which would provide an opportunity to work out and implement a joint action programme in critical areas of international economic relations. A fresh approach would, however, be required if greater success was to be achieved than in previous Decades.

56. As to the functioning of the Council, his delegation believed that its central and co-ordinating role in the fields within its mandate should be strengthened. That would contribute to a more rational utilization of available resources in the light of global policies, to an improved mobilization of the most operational bodies, such as UNDP, and to the strengthening and enhanced coherence of the United Nations system as a whole.

57. Mr. BARNETT (Jamaica) shared the concern expressed by the Observer for Tunisia (20th meeting) in his capacity as Chairman of the Group of 77. Crises had multiplied since the early 1980s, many of them linked to external factors, but the multilateral system had been unable to respond with concerted action although governments had unanimously recognized, as in the Final Act of the seventh session of the United Nations Conference on Trade and Development, that interdependence made unity a necessity.

58. In order to cope with the problems created by low levels of growth in the world economy, many developing countries, including his own, had been obliged to adopt painful adjustment measures. In some cases, including that of Jamaica, those measures had begun to produce results in lower rates of inflation and real economic growth. But in order to reactivate sustained growth, both the developed and the developing countries would have to find short- and long-term multilateral solutions. According to major macroeconomic assessments and forecasts, however, prospects for overall growth were uncertain for the remainder of the decade, and it was unclear how such issues as external imbalances, the liberalization of international trade and the resumption of net capital flows to the developing countries would be resolved. The warning signals were clearly evident. Some developed countries were continuing to practice protectionism, and many of them had still not adhered to their standstill and rollback commitments.

59. Indebtedness continued to be a major obstacle to sustained development, particularly in the Latin American and Caribbean region and in Africa. The available "menus" of options, while providing some palliatives, had not yet touched the core of the problem. There were some encouraging developments, such as the recent Toronto Summit Meeting decisions on official-debt-relief measures for the poorest African countries, the IMF and World Bank initiatives in favour of low-income countries, and the satisfactory conclusion of debt rescheduling negotiations between Brazil and its commercial creditors. On the other hand, the debt problem of middle-income countries such as Jamaica was not receiving sufficient attention from the international community. Accordingly, his Government, supported by the other English-speaking countries of the Caribbean, had proposed in several international forums the establishment of a new Facility, or, failing that, use of

the enhanced IMF Facility to enable multilateral institutions to overcome the constraints on their ability to reschedule debts due to them from heavily indebted countries. In the case of Jamaica, 42 per cent of its indebtedness was to multilateral institutions which were precluded from making any rescheduling arrangements in its favour. The proposed new Facility would be utilized to repay matured obligations while establishing new indebtedness with extended maturities, which would have the same effect as rescheduling. Besides easing the debt burden the Facility would release funds for investment. It was also hoped that the provision for monitoring would encourage members of the Paris Club and commercial banks to institute multi-year rescheduling. Reactivation of the development process would also require increases in ODA and direct foreign investment. Real ODA levels were in fact continuing to fall, and it was to be hoped that other donors would follow the example of the Japanese Government, which had recently announced an increase in its disbursements to developing countries, particularly through multilateral institutions.

60. There was general recognition that structural adjustment programmes must take account of the need to mitigate their social impact upon the poorest groups. Particular attention had rightly been paid to the impact on health and education, but the effects of other social phenomena on future developmental efforts also needed to be monitored: the increase in violence in many developing countries; the movement of small farmers away from traditional crops to more lucrative ones, such as coca, opium and marijuana; and emigration, which was exacerbating the skills shortage in many developing countries. It had become clear that adjustment, which had tended to focus on traditional macroeconomic areas, must also take account of the need to maintain investment in human resources. The structural adjustment programmes carried out in conjunction with the World Bank did not fully recognize that need. Happily, the CDP report (E/1988/16) made out an eloquent case for priority attention to be given to human resources development programmes in the 1990s both by national planners and by multilateral institutions.

61. Mr. MURARGY (Mozambique) said that a glance at the world economic situation in 1987 showed little change over the previous years. According to the *World Economic Survey 1988* (E/1988/50), GDP in Africa had grown at a rate of 1 per cent, as against an annual population growth of 3.1 per cent, a clear illustration that the continent's development performance left much to be desired. Uncertainty and instability were current terms in the economic vocabulary: uncertainty about the solution to the debt problem of the developing countries, about the way to reduce imbalances among those countries, about whether protectionism would increase or decline, and about the level and composition of net capital flows to the developing countries; instability in regard to exchange rates, interest rates, high levels of unemployment and commodity prices.

62. His delegation therefore welcomed the Council's decision to give priority to the topic of the multilateral response to the structural imbalances in the world economy, in the light in particular of their impact on developing countries. The Council must endeavour to find common ground for the concrete measures urgently required to create an international economic environment supportive of the development of the developing countries, to correct imbalances and to bring predictability and stability to the world economy. He reaffirmed his delegation's support for the statement of the Observer for Tunisia on behalf of the Group of 77 (20th meeting), and expressed its deep concern at the current attempts to disregard the important role played by the United Nations system—in particular, by the General Assembly and the Economic and Social Council—in the search for a solution to the world-wide challenges in the economic and social spheres. It condemned the resort to pressure to achieve political ends and reaffirmed its full support for the United Nations and for the strengthening of multilateral co-operation within the Organization.

63. A review and evaluation of the United Nations Programme of Action for African Economic Recovery and Development 1986-1990 would be undertaken in September 1988 by the Committee of the Whole of the General Assembly. His delegation thought it appropriate to stress at the current stage, however, that, as the *Survey* noted, Africa's critical economic situation persisted and in most African countries the 1980s had seen a steady decline in per capita income. Since 1986, the African countries had implemented far-reaching structural reforms within the context of the Programme of Action, but, given the hesitant, slow and inadequate response of the international community and the persistently unfavourable international economic environment, their room for manœuvre continued to decrease and, unless a different approach was undertaken soon, the Programme would be a failure. In that connection, he welcomed the decision to assist the African countries taken recently at the Toronto Summit Meeting by the major industrialized countries. That decision would have to be translated into the flexible and urgent measures that the situation demanded. Greater flexibility would be required in the combined application of the proposed measures and it would be necessary in particular to lower interest rates below market level, to provide substantial resources, including ODA, taking into account investment needs, so as not to harm the process of domestic capital mobilization, and to put an end to the reverse transfer of resources to the developed countries. In the meantime, Mozambique regarded the Toronto decision as a step forward which would help pave the way for the early convening of an international conference on African debt, under the auspices of the Organization of African Unity. The Khartoum Declaration[7] rightly reminded development planners that the ultimate goal of economic development should be human welfare, and called on the international com-

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[7] See 20th meeting, footnote 7.

munity to support action to mitigate the social cost of adjustments in African countries.

64. His delegation thanked the members of CDP for their unanimous decision to recommend the inclusion of Mozambique in the list of least developed countries. As was well known, the country's situation had deteriorated steadily since 1981, with grave repercussions for the economic and social condition of the Mozambican people. The situation had been closely monitored by the United Nations system, the Government of Mozambique itself and other institutions, including non-governmental organizations. The gap between the GDP growth rate and the population growth rate was constantly widening and that trend would continue unless the steps taken by the Government to remedy it were complemented and supported by measures at the international level. It was therefore essential for the international community, at the Council's current session, to show the usual solidarity to all countries in need. Mozambique, which appealed for aid every year in the General Assembly in the resolution on assistance to Mozambique, hoped that it would receive adequate financial, material and technical assistance. As a result of two international donor conferences on humanitarian assistance to Mozambique, held at Geneva on 31 March 1987 and at Maputo on 26 and 27 April 1988, substantial emergency assistance had been provided. The Government again expressed its gratitude for that gesture of solidarity and urged other donors to follow the example. He recalled that the Government's policy was to link emergency assistance with rehabilitation efforts aimed at promoting the population's gradual self-sufficiency, halting economic decline and re-launching development projects.

65. Mr. GBEHO (Ghana) said that his delegation supported the statement made by the Observer for Tunisia on behalf of the Group of 77 (20th meeting). He noted that most of the developed country delegations and the international financial institutions had stressed the need for adjustment to what the *World Economic Survey 1988* (E/1988/50) called a "highly precarious" world economic situation. On the current occasion, however, the call was addressed to developing and developed countries alike, which was a welcome departure from the one-sided exhortations to developing countries to adjust. In other words, it was recognized that adjustment entailed a global effort and that because of their dominant influence in the global economy, the developed countries must play a major role. The African Governments, for their part, had acknowledged, in Africa's Priority Programme for Economic Recovery 1986-1990,[a] their cardinal responsibility in responding to the continent's economic crisis. Recognizing the need for the support of the international community, they had appealed to the United Nations, which had responded in the form of the United Nations Programme of Action for African Economic Recovery and Development 1986-1990.

66. The majority of African countries were currently undertaking reforms or structural adjustment in fulfilment of their commitments under the Programme of Action. Ghana had not waited for that dual international action, but had embarked three years ago on a programme of reform aimed at reversing more than a decade of economic decline. By the end of the first phase of the recovery programme, its economy had begun to show signs of recovery. A second phase, designed to intensify the recovery process, was currently being implemented and would be completed in 1989. Since the adoption of the economic recovery programme, Ghana's GDP growth rate had averaged over 5 per cent. Similar measures by some other African countries were also beginning to bear fruit, but they would have to overcome many difficulties and in general the situation in Africa remained critical. Billions of dollars were transferred from the continent every year to the developed countries and international financial institutions for debt servicing, the average rate being 47 per cent and in some cases over 100 per cent. As a result, the expansion of the productive base, which would have made it possible to create new jobs for the thousands of persons displaced by the re-allocation of resources, could not be undertaken.

67. Although, as a result of reforms, export earnings had increased by 44 per cent, it had not been possible to engage in the desired level of capital investment because over 60 per cent of those earnings were taken up by debt-servicing. In the area of international trade, continuing depressed commodity prices remained a critical problem for African countries dependent on commodity exports for foreign exchange earnings. Low world demand, due to the slow rate of growth in the developed countries, had been a strong factor in the level of prices, already depressed by excess supply. In the various structural adjustment programmes, rehabilitation of the agricultural infrastructure and incentives to farmers had absorbed a large part of the investment and it was discouraging to note that when those efforts succeeded in raising output, the returns were not even enough to cover the cost. The need to stabilize prices was clear and urgent. Nevertheless, the developing countries' partners agreed that commodity agreements were not the answer because those that had been established had not worked. But they had failed precisely because of the unwillingness of consumers to co-operate with producers to make the agreements work. Diversification had been offered as a solution. But the developing countries could not diversify when they had neither resources for investment nor markets to which they could export their products. As noted on page 81 of the *Survey*:

> an integrated programme to stabilize commodity prices should, under normal circumstances, be more effective than one involving an individual commodity as it is very unlikely that supply cycles—an important source of instability for certain products—of the commodities under an integrated programme are going to coincide.

Ghana was gratified, therefore, that the Common Fund instituted under UNCTAD's Integrated Programme for Commodities was shortly to become operational. As

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[a] A/40/666, annexe I, declaration AHG/Decl.1(XXI), annex.

Chairman of the Preparatory Commission, he himself would spare no effort to attain that objective. He hoped that those countries which still had reservations about the Fund would overcome their hesitation and join in an enterprise that was designed to be a true partnership between producers and consumers.

68. At the same time as the African countries had been transferring enormous sums to the developed countries in debt-service payments and suffering the shock of adverse terms of trade, the flow of resources to Africa and, what was even more serious, ODA had declined in real value as against 1987. Recourse constraints, which had prevented many African countries from pursuing growth-oriented policies, bore particularly hard on women, children and the urban and rural poor. Accordingly, his Government, in co-operation with the multilateral agencies, had developed a programme of action to mitigate the social cost of adjustment, under which it would implement a set of carefully selected projects designed to protect the most vulnerable social groups. The programme had received strong support from the international community, which had pledged resources sufficient to cover the total cost, and it would be integrated into future development programmes. Ghana noted with great satisfaction that the human dimension of adjustment programmes was currently receiving the deserved attention from the international community. The use of economic indicators to show the progress of economic recovery programmes often masked the social realities in certain segments of society. It was important, therefore, that measures to alleviate the poverty should be an integral part of adjustment programmes. The Khartoum Declaration showed that the African countries were increasingly concerned about the social cost of adjustment measures. CDP, in its report (E/1988/16), examined the human dimension of development and concluded that there was a good case for protecting expenditure on human resources in structural adjustment programmes.

69. There were encouraging signs that the international community was beginning to address some of the resource requirements of Africa. He mentioned in that connection several recent agreements, in particular the IDA replenishment, the World Bank's special assistance programme and the IMF enhanced structural adjustment facility, as well as the bilateral measures taken by certain countries. Those measures were of course welcome but they constituted only a modest effort and, in some respects, an inadequate response to what had been recognized by all as an urgent need to avoid disaster. Two fundamental problems remained to be solved: external debt and low commodity prices. A large part of the assistance provided was intended to help African and other developing countries solve their short-term financial difficulties, but attention must also be turned to long-term development needs. The review and evaluation of the United Nations Programme of Action for African Economic Recovery and Development 1986-1990 would provide an opportunity for appraising those measures in relation to the continent's financial needs and determining what other decisions must be made in order to respond to them.

70. Mr. KHERAD (Observer for Afghanistan) said that it was incumbent upon the Council, as the central body for international economic and social questions, to seek a solution to the current grave social and economic difficulties by promoting a harmonious and equitable restructuring of international economic relations and the establishment of a new international economic order, as well as defining the common objectives and principles to be applied in order to develop economic co-operation and set up a system of wider consultations, negotiations and effective co-operation. The Council was called upon at the current session to review the international economic situation and to help eliminate unfavourable trends while laying down a coherent line of action and making appropriate recommendations and proposals oriented towards the reactivation of growth and world economic and social development, in the developing countries particularly.

71. At the Council's second regular session of 1987, stress had been laid on the complexity of the international situation and on the gravity of the developing countries' economic plight and the urgent need for a global solution. However, the situation in most developing countries had not improved since that time. Despite the apparently universal readiness to make changes in international economic relations, and despite the efforts made and the progress accomplished in some areas, it had not proved possible to eliminate the grave disequilibrium that disturbed international economic relations. The current economic situation and the immediate prospects demanded bold and effective measures from the international community. The majority of developing countries were grappling with great difficulties. Most of them were experiencing stagnation if not a decrease in their per capita income and in a good many of them a large part of the population was below the poverty level. That was a matter for major concern, even in countries where there had been some growth. The international economy could only restore lasting equilibrium if it served the interests of all countries and gave all an equal right to participate in the decisions about its functioning.

72. The expansion of fair and mutually advantageous international trade was one of the important conditions for reinvigorating the world economy and for a resumption of economic growth in the developing countries. The international trade situation, currently marked by a thrust towards protectionism that was harmful to the development of trade and of markets for developing country exports, must be cleared up. Some developed countries had not lived up to their commitments and, despite the launching of a new round of multilateral trade negotiations, had stepped up their protectionist measures against the developing countries. It was to be hoped that they would renounce their negative attitude and understand that it was vital to eliminate the restrictive trade practices impairing the smooth operation of the world trade system and delaying structural adjust-

ment through the wider application to the developing countries of the Generalized System of Preferences, opening their markets to those countries' products and thus bringing about a liberalization of world trade in the interest and to the benefit of all.

73. The normalization of international monetary and financial relations in accordance with the proposals of the Non-aligned Countries and the Group of 77, was equally important. The debt problem required an equitable solution oriented towards development and backed by parallel action in other key sectors. The debt burden of the developing countries was so large that their growth was in fact stifled. The developing countries' economic stagnation and impoverishment would inevitably have consequences for the world economy as a whole and of course for the economic growth of the developed countries. To undo the debt crisis, it was necessary above all to develop the debtor countries' economies and, in order to do that, to apply equitable and flexible measures based on the concept of shared responsibility and political dialogue with a view to arriving at global and lasting solutions. The steps to be taken, therefore, should be directed, in accordance with the consensus reached at the seventh session of the United Nations Conference on Trade and Development and as the Group of 77 had proposed, to alleviating the debt burden and seeking just and long-term solutions to the problem.

74. In the case of the flow of resources needed to alleviate the financial difficulties of developing countries and support their efforts for development in general, the volume must be increased and the quality and terms of ODA provided by the developed countries improved. Means of increasing transfers of capital to the developing countries must be examined. The international community should redouble its efforts to reach the targets fixed for ODA and to encourage commercial loans. It was most important that the role of the multilateral financial institutions should be strengthened. His Government welcomed the Secretary-General's call to the specialized agencies of the United Nations system and the members of the international community to solve the most urgent problems and make the necessary effort to mobilize assistance to those countries which, for various reasons, were faced with pressing economic problems.

75. Afghanistan, which was a land-locked country and one of the least developed, and whose difficulties were the legacy of its past and the result of nine years of war, needed more resources and more aid than was currently available to it. Accordingly, it had launched an appeal to the international community for the necessary assistance on terms suitable to its situation and its immediate and long-term development needs. The Secretary-General's appeal for assistance for Afghanistan and the co-ordinated response of the United Nations system was a fine example of multilateral co-operation and humanitarian and economic assistance. He expressed his gratitude for the humanitarian and economic assistance programmes which were making it possible for the people of his country to be helped to pursue their social and economic development, and for the speed with which the Co-ordinator in charge of those programmes had set to work. Afghanistan would spare no effort to do everything it could to ensure the effective realization of the co-ordinated programme, in the interest of the people. It called upon the Member States of the United Nations and the agencies and programmes of the system to participate actively in the implementation of United Nations programmes for humanitarian and economic assistance to Afghanistan.

76. The interdependence of countries and of problems was stressed on all sides. Concerted action was therefore necessary to promote economic co-operation taking into account the needs and aspirations of the developing countries, in a spirit of solidarity founded on equality and respect for the sovereignty of States. Each country should enjoy greater security in its economic relations and it was vital to ensure that greater use was made of the international machinery for dialogue and co-operation. In that connection, the results of the Conference had marked a resumption of dialogue and had given the necessary impulse to multilateral negotiations based on principles of mutual advantage, common interest, equity and non-discrimination. It now rested with governments to put the policies and measures agreed upon into effect. The United Nations had a central role to play in harmonizing the action of nations in that field, as laid down in the Charter. There must be, as the spokesman for the Group of 77 had said (20th meeting), political will to make possible the collective adoption, within the framework of conclusions agreed to in the Council, of coherent action capable of serving as a basis for future negotiations in the General Assembly for the adoption of a new international strategy to reactivate growth and development. Furthermore, given the correlation between co-operation, peace and disarmament in an increasingly interdependent world, the reallocation to the social and economic fields of the vast resources devoted to military expenditure was an essential prerequisite for development and economic co-operation in an international climate that would enable the many problems of the world to be solved.

The meeting rose at 1.15 p.m.

24th meeting

Monday, 11 July 1988, at 3.10 p.m.

President: Mr. Andrés AGUILAR (Venezuela)

E/1988/SR.24

In the absence of the President, Mr. Oleg N. Pashkevich (Byelorussian Soviet Socialist Republic), Vice-President, took the Chair.

AGENDA ITEM 2

General discussion of international economic and social policy, including regional and sectoral developments (*continued*)

1. Mr. KOENIG (International Chamber of Commerce) said that the first half of 1988 had turned out more favourably than expected. Economic growth in the major industrialized countries had outpaced all the major projections and the sharp fall in equity prices in October 1987 appeared to have had little impact on consumer demand, particularly in the United States, where the strongest effect had been expected. Growth in that country had been surprisingly robust. The growth in the Japanese economy and, perhaps more significant, its reorientation towards domestic demand had been even more welcome. Even in Europe, growth in 1988 was somewhat higher than earlier foreseen. There had also been progress in reducing current-account imbalances among the major trading countries, inflation had so far been held in check, labour markets had been more flexible and management more effective in containing costs while investing in research and development.

2. The situation was still precarious. As the Bank for International Settlements had remarked in its recent annual report, most of the major international problems in evidence before the October 1987 slump in equities still awaited solution. Even the 3 per cent growth rate projected for the main industrialized countries in 1988 would be too modest to make a real impact on European unemployment or the indebted developing countries' export earnings. Developing country indebtedness was in almost all cases higher than in 1982 and a drop on third world investment development creditworthiness.

3. Continued close international co-operation was essential, therefore, to improve co-ordination of the major industrialized countries' national policies, to achieve success in the Uruguay Round and to reduce the level of third world debt. So far as policy co-ordination was concerned, the main challenge was to reduce current account imbalances without precipitating recession or sacrificing hard-won gains against inflation.

4. ICC had always opposed protectionism and had welcomed the launching of the Uruguay Round. Unfortunately, there had since been an increase in tensions and disputes in international trade relations, chiefly among the major trading countries. The success of the Uruguay Round was essential to any credible strategy to put the world economy on a higher growth path in the 1990s and restore faith in the multilateral trading system. The mid-term review of the Uruguay Round at ministerial level in December 1988 should aim to re-establish confidence in the Punta del Este commitments of standstill and rollback, to reach agreement on futher liberalization of trade in tropical products, to initiate the reform of agricultural support systems, to introduce procedural arrangements to improve the efficiency of GATT machinery and to give clearer direction and impetus to new areas such as trade-related aspects of intellectual property rights, trade in services and trade-related investment measures.

5. ICC was glad the developing countries were playing an active part in the Uruguay Round, which offered an excellent opportunity to obtain a reduction to barriers to their exports. They stood to gain substantially from a strengthening of GATT.

6. Third world indebtedness continued to hamper the efforts of many poor countries, constricted the industrial nations' economic activity and threatened the stability of their private financial institutions. Although the developing countries' aggregate debt-export ratio had fallen significantly for the first time in 1987, IMF forecast that in 1989 it would still be 130 per cent, significantly higher than in 1982. A successful strategy to solve the debt problem would have to promote faster growth in the industrialized world, improved access to the markets for developing country exports, growth-oriented structural adjustment in the debtor countries and additional external financing to support adjustment programmes. The strategy should underlie the case-by-case approach, which was still the right one since adjustment programmes and financial flows could be tailored to countries' individual circumstances.

7. During the past year Governments had taken welcome measures to ease the debt problem, among them the entry into force of the convention on the Multilateral Investment Guarantee Agency, the general capital increase for the World Bank, IMF's external contingency mechanism and enhanced structural adjustment facility, the special assistance arrangements for sub-Saharan Africa, the fifth replenishment of the African Development Fund and the "options" announced at the Summit Meeting held at Toronto from 19 to 21 June 1988.[1] ICC had consistently urged the commercial banking institutions to be flexible and in-

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[1] See A/43/435.

novative, particularly in maintaining lending to countries embarked on necessary internal reforms. New financing options such as debt-equity swaps and debt-bond conversions were an important development in that regard.

8. Environmental issues were of major concern to ICC. It had been following closely the question of a draft United Nations convention on transboundary movements of hazardous wastes and was concerned about the short time available to resolve certain important issues such as the definition of disposal, the position of transit countries and the whole question of prior informed consent—which also involved another UNEP project and an FAO code. It believed the UNEP secretariat should not be saddled with more responsibility than it could reasonably handle and considered that self-regulation by industry should be a basic approach. ICC was considering an initiative to help respond to the waste disposal problem.

9. Recent economic policy shifts throughout the world had opened up welcome new opportunities for the private sector. Many developing countries were recognizing that national economic goals could be more effectively achieved by allowing individuals to better their own situations through private entrepreneurial activity. That trend would lead to faster economic growth and development, aided by accelerated international trade and investment—provided the Uruguay Round was successful.

10. As pointed out in the Secretary-General's report on indigenous entrepreneurs in economic development (E/1988/63), although entrepreneurship was indispensable to economic growth, relatively few people were prepared to take the risks associated with it. The key to its promotion lay in overall government policy: unless the latter was conducive to business, no specific programme to foster entrepreneurship was likely to succeed. As Governments looked increasingly to market forces to promote economic growth, they should allow full scope for the entrepreneur's catalytic role.

11. Mr. ADEDEJI (Executive Secretary, Economic Commission for Africa) remarked that the United Nations Programme of Action for African Economic Recovery and Development 1986-1990[2] was reaching its midway point and the General Assembly *Ad hoc* Committee of the Whole set up to appraise the Programme's implementation would begin its work shortly. Successful implementation of the Programme was Africa's only chance to surmount its difficulties and relaunch the development process. Many African countries were undertaking fundamental restructuring and reforms in conformity with the Programme, but the chances of success were clouded by economic uncertainties and the international community's failure to live up to its commitment. External constraints seemed to have worsened in the two years of the Programme.

12. Africa's export earnings in 1986 and 1987 had been 20 per cent lower than in 1985 because of depressed demand for commodities in the industrialized countries. Import prices had soared and despite import curbs, the region's balance-of-payments deficit remained at $11.2 billion in 1987. ODA had stagnated in real terms and real net resource flows to Africa had declined. The growing external debt-service burdens had further hampered efforts towards recovery and development. The total external debt, $218.1 billion at the end of 1987, was growing by about $20 billion a year. In several countries the volume of debt exceeded GNP by a large margin, and in others the debt-service burden far exceeded export earnings. Debt servicing absorbed resources that would otherwise have been used for public investment.

13. Concerted action was urgently needed to deal with the interlinked problems of commodities, debt and resource flows. The social costs of structural adjustment in the form of higher unemployment, falling real incomes, increased malnutrition and deterioration in health, education and other social services had prompted the March 1988 International Conference on the Human Dimension of Africa's Economic Recovery and Development to adopt the Khartoum Declaration.[3] That Conference, like the International Conference on Africa: the Challenge of Economic Recovery and Accelerated Development, held at Abuja (Nigeria) from 15 to 19 June 1987, was part of ECA's efforts to further implementation of the United Nations Programme of Action for African Economic Recovery and Development 1986-1990. The Khartoum Declaration deserved close study by all Members of the Organization. It emphasized the need to ensure the compatibility of structural adjustment programmes with the aims of the Lagos Plan of Action for the Implementation of the Monrovia Strategy for the Economic Development of Africa,[4] to ensure that the human dimension was the fulcrum of the adjustment process, to incorporate the relevant social adjustments in structural adjustment policies, to alleviate the effects of reform measures on the poor and vulnerable, and to incorporate social criteria in monitoring stabilization and structural adjustment programmes.

14. Reverting to the debt crisis, he said that over 80 separate rescheduling exercises had been undertaken by African countries and their creditors in the framework of the Paris and London Clubs in the decade ended in 1987. While rescheduling provided temporary relief, the countries concerned were unable to acquire the investment resources required for economic growth. At the Toronto Summit Meeting, there had been a noticeable convergence of approaches to a solution of the debt crisis and there had been no dearth of proposals from Africa itself. In that connection, attention should be given to the proposal of the OAU Assembly of African Heads of State and Government held at the end of 1987, which called for an international conference on Africa's external debt to deal simultaneously with debt, com-

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[2] General Assembly resolution S-13/2 of 1 June 1986, annex.

[3] See 20th meeting, footnote 7.

[4] A/S-11/14, annex I.

modity prices, market access, interest rates, ODA and other direct transfers and their interrelationships.

15. The region's economic performance in 1987 and early 1988 had left much to be desired: total regional output had grown by a mere 0.8 per cent in 1987 and 15 countries had seen their economies decline outright in 1987. Living standards had deteriorated further. Because of continuing slack world demand for oil and the fall in the dollar, oil-exporting African countries had failed to achieve export earnings commensurate with the increase in oil prices. Balance-of-payment management measures had damaged investment spending and manufacturing and aggregate output had grown by only 0.3 per cent in 1987. Growth in the non-oil exporting countries had been only 1.2 per cent.

16. Bad weather in many parts of Africa during 1987 and inadequate and poorly distributed rainfall had depressed agricultural output, wiping out the fairly healthy recovery during 1985 and 1986. Cereal production as a whole had fallen by some 8 per cent, while that of tubers had risen by only 1.6 per cent. Total food production in the Sahel had been 10 per cent below the 1986 level. In Angola, Mozambique, Sudan and Ethiopia food shortfalls had prompted international relief operations. Migratory locusts in parts of North and West Africa were threatening the 1988 harvests.

17. Despite substantial production increases in industrial crops, the major producers had been hit by the general fall in international prices, which had declined further in 1988. The manufacturing sector had been severely hampered by lack of foreign exchange to buy equipment and management services and as a result, there had been very little growth. Widespread industrial restructuring had been taking place in some countries, with emphasis on small-scale enterprises and an enhanced role for the private sector. The mining sector had fared no better, as could be seen in the Summary of the survey of economic and social conditions in Africa, 1986-1987 (E/1988/60, chap. II, sect. C). Production difficulties and inadequate transport facilities had prevented the major African metal exporters such as Zambia and Zaire from making the most of the buoyant prices of non-fuel commodities in 1987. As investment funds grew scarcer, the difficulties would intensify.

18. Domestic demand had remained weak. Per capita total consumption had fallen further in 1987, bringing the total decline since 1980 to 8.3 per cent. In some countries the decline had been catastrophic. In Sierra Leone it might have reached one third, and one fifth in Nigeria; in the latter it must have wiped out the large gains from the 1980-1982 oil-related boom. Capital formation for the region as a whole had fallen by 9.3 per cent in 1987, showing that investment had borne the brunt of structural adjustment measures. Savings as a proportion of GDP had remained broadly constant since 1985 for the region as a whole but was extremely low if disaggregated by groups of countries—3.4 per cent in 1987 for the Sahel countries, barely 5 per cent for African LDCs and 18 per cent for sub-Saharan countries as a whole, against 28 per cent for North Africa.

19. ECA had held its twenty-third session and the 14th meeting of its Conference of Ministers responsible for economic development and planning and celebrated its thirtieth anniversary at Niamey from 14 to 18 April 1988. The Niamey declaration (E/1988/37, annex III) voiced Governments' confidence in the Commission and renewed determination to redress the present economic and social crisis.

20. The crowded agenda had reflected concern about current uncertainties and the gloomy immediate outlook and also the vigilance with which the Commission felt it should continue to monitor events and make recommendations on the various priority areas, as reflected in the Commission's annual report (E/1988/37).

21. One of ECA's most important tasks had been to prepare a memorandum (*ibid.*, annex II) in response to Council resolution 1988/1 of 5 February 1988 for transmission to the Chairman of the *Ad hoc* Committee of the Whole responsible for the mid-term appraisal of the United Nations Programme of Action. The Conference had also considered the report of the Advisory Group on Financial Flows to Africa and had submitted its reaction in a memorandum to the Secretary-General. It had also stressed the importance of current reform measures undertaken by many member States to combat the current precarious situation in food and agriculture, and had particularly called for further emphasis on improved food security, more appropriate land use, research and extension services, improved marketing and various institutional reforms to help small farmers and women. It had taken note of the continued special emphasis on industrial development as part of the programme for the Industrial Development Decade for Africa[5] and the United Nations Programme of Action through short-term rehabilitating measures for agro-related industries, which were the basis of the Declaration on Industrialization in Africa: Principles and Guidelines for Co-operation and Development,[6] submitted to the UNIDO Second General Conference by the Second Conference of African Ministers of Industry.

22. The session had received the report of the 6th meeting of the Conference of African Ministers of Transport, Communications and Planning, which had undertaken a comprehensive evaluation of the Transport and Communications Decade in Africa. The Conference had recommended, through the Council, that the General Assembly should declare a second Decade, from 1991 to 2000.

23. The Conference had also considered the changing social situation in Africa, including the integration of women in development, and had decided to locate the headquarters of the African Institute for Prevention of Crime and the Treatment of Offenders at Kampala (Uganda). It had considered documentation prepared by the secretariat and by its subsidiary organs on matters such as trade and finance, natural and human

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[5] General Assembly resolution 35/66 B of 5 December 1980.

[6] UNIDO document PI/48.

resources, science and technology, tourism and economic co-operation and integration. Important decisions and recommendations had been taken on the latter with a view to the early establishment of a preferential trade area in North Africa.

24. The Conference had had before it the report of the 8th meeting of the Conference of Ministers of the African Least Developed Countries. It had considered that the proposed Second United Nations Conference on the Least Developed Countries would be crucial for those countries, and had decided to devote its 1989 annual meeting to preparations for it. The Conference had adopted five resolutions, relating to the Khartoum Declaration, a second Transport and Communications Decade in Africa, the biennial report of the Executive Secretary, proposals to extend the 1984-1989 medium-term plan to 1990-1991, and the updating of the 1988-1989 programme budget, all of which required action or attention by the Council.

25. As he had said in his statement at ECA headquarters on 4 January 1988, the developing countries, particularly in Africa, stood to lose most from a débâcle in the international economic system. There was a lot more that the OECD countries in particular must do in the coming year to secure international financial and trade stability. Indeed, unless the problem of the external environment was squarely addressed and resolved, the African economy could make no significant improvement however much development aid was made available to it. The Toronto Summit Meeting had provided a first response to Africa's needs, but only a beginning.

In the absence of the President, Mr. Salim Bin Mohammed Al-Khussaiby (Oman), Vice-President, took the Chair.

26. Mr. NABULSI (Executive Secretary, Economic and Social Commission for Western Asia) said that the economic and social development of the ESCWA region in 1987 had been affected by two antithetical forces—persisting and debilitating political instability, and moderate but favourable trends in the international oil market. At the political level, the region continued to be rent by unresolved conflicts. The recent uprising in the occupied territories marked yet another phase in the long struggle of the Palestinian people while the war between Iraq and the Islamic Republic of Iran had entered its seventh year in 1987 and the Lebanese civil war its fourteenth. Human suffering and misery continued to be the name of a sad and tragic game. The efforts of the United Nations and of all peace-loving countries must be intensified to bring long-desired peace to the war-torn region.

27. The effects of the political situation were evident in the economic and social development of the region. In 1987, overall performance had been moderate, with an estimated 2.5 per cent growth in GDP, substantially better than the 6 per cent decline in 1986 but still below the 1985 level. It also compared unfavourably with the estimated 2.8 per cent growth in the world economy, and the estimated 3.3 per cent for the developing countries as a whole. In per capita terms GDP had continued to stagnate.

28. The major stimulus to economic performance had come from the recovery of international oil prices from the low point of $8 a barrel in 1986. OPEC members had shown some discipline in adhering to their production quotas, and, thanks to the particular boost given by Saudi Arabia, which had produced less than its quota, OPEC's estimated total oil production of 16.4 million barrels a day had not greatly exceeded the agreed 1987 quota of 15.8 million. The oil sector still dominated the region's economic activity. Because of labour migration, workers' remittances, trade and direct aid, any changes in the level of economic activity in the Gulf Co-operation Council countries were rapidly reflected in those of other members of the Commission. The sector would have a considerable impact on economic performance for many years to come; the region still possessed over half of the world's total proven reserves, while oil reserves from outside the region were dwindling. The number of oil-producing countries in the region was increasing. Yemen had become an oil exporter in 1987, and two other members of the Commission, the Democratic Yemen and Jordan, had announced good oil and gas production prospects.

29. There had also been a moderate improvement in the performance of other sectors in 1987. More attention had been given to agriculture, and policy measures and incentives had been introduced in a number of countries, including Saudi Arabia, Egypt, Iraq and the Syrian Arab Republic. Even so, the region still imported more than half the food it consumed. In most countries performance in the manufacturing sector had significantly improved. Jordan had benefited from trade agreements with its Arab neighbours and Egypt from more flexible trade and exchange rate policies. Most Gulf Co-operation Council countries had also performed fairly well, but because of the limited industrial base, the sector's overall contribution to GDP remained relatively small.

30. Several countries had introduced adjustment policies and measures to improve demand management and cope with recessionary conditions. Most had made efforts to reduce subsidies and improve fiscal performance. Though oil-producing countries had continued to draw on foreign reserves and assets to finance their budgetary deficits some had for the first time issued treasury bonds on the internal market. Tighter fiscal policies and the partial recovery in oil revenues had reduced budget deficits in most countries.

31. The region had experienced a set-back in 1986, when the aggregate dollar value of exports had fallen by some 29 per cent to $58 billion, almost 30 per cent of the 1980 level. The situation had been aggravated by the depreciation of the dollar and consequent reduced purchasing power of export earnings. To judge by oil prices and production developments, exports should, however, show a significant recovery in 1987. Finally, like other developing countries, a number of countries

of the region, particularly the oil-deficient ones, continued to suffer from problems of external indebtedness and were anxious to find satisfactory solutions in a multilateral context.

32. Turning to major social developments, he said that one of the most important factors had been the continuation of armed conflicts, which had been among the costliest and most destructive to society in recent history. The region, particularly its northern part, was estimated to have the highest proportion of disabled persons in the world, and the need to rehabilitate the handicapped, adapt the physical and social environment to their basic requirements and formulate appropriate policies remained formidable in spite of the efforts of governmental and non-governmental organizations to expand services. Another major social problem had been created by the return of migrant workers to their homes in the traditional labour-exporting countries of the region as a result of oil retrenchment. The consequence had been a decline in remittances and foreign exchange resources and the creation of tensions associated with the reabsorption of large numbers of people and resulting high unemployment.

33. Wars, occupation, civil unrest and heavy defence spending had sapped the region's resources and energy for decades, and, with the decline in oil revenues, economic and social turmoil had assumed even more devastating proportions than in the past. The waning national will to develop domestically in the economic and social areas and the dwindling motivation among member countries to co-operate and integrate economically were particularly damaging. Development plans needed to be rethought and backed by renewed faith to help the region resume the role for which its ample human and material resources equipped it. The upsurge in the will to co-operate during the seventies had been succeeded by a sharp regression in terms of mutual financial aid, trade and manpower exchange and the very institutional edifice of economic co-operation was in jeopardy. Scepticism about the need for and functioning of some leading co-operative organizations was becoming rife, the only notable exception to that trend being the Gulf Co-operation Council and its expanding economic activities. Those negative trends could only be reversed by member States through their collective determination to restore political stability and revitalize development, but the United Nations at large could contribute greatly to the process and ESCWA could act as a catalyst.

34. If ESCWA was to make its full contribution, it must be freed from the manpower and financial constraints and other uncertainties that limited its effectiveness. ESCWA had taken steps to strengthen its performance and make it more responsive to the needs of the region. They included organizational restructuring to enhance administrative and operational efficiency, the internal redeployment of resources, and intensive fund-raising efforts to obtain additional extrabudgetary resources to strengthen priority programmes, including social development. Programme delivery in the 1986-1987 biennium had been substantially improved, despite the vacancy rate of over 30 per cent in professional posts, and reductions in other regular budget expenditures necessitated by the United Nations financial crisis. A number of outputs had been reformulated and redundant and low-priority activities had been cancelled. Some outputs had been implemented jointly with other regional or United Nations organizations with a significant improvement in resource utilization. Those achievements would, he emphasized, have been impossible without the extraordinary efforts of ESCWA staff.

35. In order to meet needs created by newly emerging economic and social realities within the long-term programming system, the Commission had introduced the maximum number of modifications permitted under the system into the 1988-1989 biennium and the third revision of the current medium-term plan. In the economic field, major activities had been launched in the areas of water security, the application of advanced technology to bio-technology and micro-electronics, particularly the Arabization of the computer, and the assessment and monitoring of the impact of the changing oil situation on the economies of member countries. In the social field, priority had been given to such intersectoral activities as the monitoring of social and human resources development through the compilation and analysis of comprehensive social indicators, social planning to allow the incorporation of a social dimension in economic development projects, the introduction of institutional expertise in the care of the disabled, and increased emphasis on the role of women in economic as well as social development.

36. The Commission had continued its efforts to strengthen co-operation and expand joint activities with regional and international development and financial organizations. The main activities included a project on household surveys, carried out in co-operation with the Arab Gulf Programme for the United Nations Development Organizations; arrangements with the Islamic Bank to sponsor projects in water security and development, technology transfer, assistance to existing industries, and the Arabization of the computer; joint activities with the Arab League in the field of statistics; and co-operation in the field of transport and communications under the ESCWA Programme for the Transport and Communications Decade for Asia and the Pacific.[7]

37. In response to the General Assembly's request to curtail meetings, the Commission had decided to hold ministerial sessions only every other year. No regular ministerial session had been held in 1988 but a progress report on the Commission's 1987 activities and programmes had been circulated to member States for comment and approval. The final version of the report was before the Council (E/ESCWA/88/1/Rev.1). After consultation with the host Government and member States, however, a third special session of the Commis-

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[7] General Assembly resolution 39/227 of 18 December 1984.

sion had been held on 8 June 1988 to discuss the strengthening of the functioning of the Commission's secretariat through the temporary relocation of staff outside Iraq. In its resolution 163 (S-3), which was currently before the Council (E/1988/98), the Commission had decided not to agree to that measure.

38. Although progress had been made, the Commission was far from reaching its full potential and fulfilling its mandate. Little improvement in performance could indeed be expected unless the issue of the ability of the staff to function adequately from its present headquarters under prevailing conditions was resolved. In view of the Commission's decision not to relocate staff, alternative measures would have to be taken by member Governments, including the host Government, and by United Nations Headquarters.

39. The perennial problem of the high level of vacancies must also be firmly tackled. It was unlikely that the vacancies would be filled even when recruitment could be permitted for posts not earmarked for abolition, despite favourable financial incentives. There were two obstacles. ESCWA operated from a difficult duty station, the only one included by the United Nations in the new category IV. Moreover, the Commission required staff with expertise in the region, yet, because of the geographical over-representation of many of its member States, it had only restricted access to nationals of the member States most likely to have pools of available trained human resources.

40. Drastic and effective action was essential to deal with the situation. The Commission's human resources were stretched to the limit and could not be expected to continue to exert themselves exceptionally indefinitely. The Council and General Assembly had repeatedly recommended that the Commission be given special consideration in matters of recruitment but, for a variety of reasons, including the freeze on recruitment over the past two years, the recommendations had never been implemented.

41. In his three years with the Commission, he had seen great progress in terms of the recognition accorded to the Commission's work, of its enhanced relevance to the needs of the region, and of the unique services it could offer both of itself and in close co-operation with other national or international organizations. It had the potential to become a centre of excellence in analytical thinking providing advice and assistance in the resolution of the region's development problems. To realize that potential, the Commission's secretariat needed the full support of ESCWA member States, the Council, the General Assembly and United Nations Headquarters. The secretariat had earned that support and he hoped the Council would be able to extend it to them.

42. Mr. HINTEREGGER (Executive Secretary, Economic Commission for Europe) observed that the ECE's 1988 session had been one of the best for many years. It had taken place in a significantly improved climate in East-West relations, which had opened up new prospects for enhanced co-operation. Progress in some areas did not automatically bring co-operation in others. ECE experience showed it was of the essence to search continuously for concrete areas and subjects where there was an interest and readiness in both East and West to co-operate. Economic and social reforms in the Soviet Union and in most of the East European countries had undoubtedly also made it easier to reach consensus on matters that had previously proved difficult and the session had been characterized by a general will to proceed in a businesslike manner without political controversy.

43. Another positive factor was the fact that the session had been the first held after the Commission's adoption of the supplementary report submitted to the Council's Special Commission, which had initiated the implementation of a large number of far-reaching measures designed to streamline the Commission's work programmes and structure and improve its functioning. The upshot was that, in addition to the annual omnibus resolution, 16 decisions had been adopted by consensus relating to trade, environment, transport, energy, women, co-operation in the Mediterranean and other subjects. The Commission had also decided on a comprehensive project on economy and the environment in response to General Assembly resolution 42/187 of 11 December 1987 based on the report of the World Commission on Environment and Development. It was, moreover, no coincidence that, after an interval of more than 20 years, the presence of two ministers for foreign affairs had enhanced the work of the session and provided evidence of the importance member Governments attached to the new spirit of co-operation among the countries of the region.

44. Notwithstanding those positive developments, some sensitive areas remained in the Commission's programme of work and activities, but a further improvement in the political climate and a parallel strengthening of confidence would, it was hoped, permit progress at a later stage. The same was true of the Vienna follow-up meeting of the Conference on Security and Co-operation in Europe, which was passing through a critical phase. Delegations attending the current session of the Council had expressed the hope that the Vienna meeting would yield substantive and balanced results that would help to improve East-West relations as a whole and impart a further significant impetus to the Commission's activities. In that context he recalled that the Commission had been the main instrument of implementation of the proposals and recommendations in the so-called Basket II of the Helsinki Final Act and in the concluding document of subsequent follow-up meetings.

45. Dynamic changes in the internal and external policies of ECE member countries were opening up new possibilities for economic co-operation but might also create new problems. The economic integration processes taking place in various groupings of countries in the region might well constitute the greatest challenge of the years to come, not only for the European region but for the whole world. EEC aimed to establish a single "internal market" for 330 million people in 1992, which

would provide for the free movement of goods, services, capital and persons. Another economic giant would emerge on the world scene and, together with the United States of America and Japan, would make its weight increasingly felt in the world economy.

46. Relations between the different regional economic integration organizations had clearly become more dynamic. The 1984 joint Luxembourg Declaration of Ministers of the European Community and the EFTA countries had expressed the political will of the member countries of both organizations to let EFTA countries participate to the extent possible in the Community's integration process. The relationships between the Community and EFTA had been further defined at subsequent ministerial meetings.

47. In eastern Europe, "socialist integration" in the framework of CMEA had, in the past, been essentially limited to co-ordination of the five-year plans of the member countries with a view to an organized division of labour and a degree of specialization among them. Little had been done in favour of a true multilateralization of trade and payments. More recently, however, fundamental reforms of CMEA had been advocated by leading representatives of the Soviet Union and many East European countries. At the most recent CMEA meeting at head of government level, far-reaching proposals had been made by some member countries, including the multilateralization of trade and the convertibility of East European currencies, which could eventually lead to the creation of a common market of some 400 million people, comprising the Soviet Union and other CMEA countries. The speed and scope of changes in intra-CMEA trade and co-operation would largely depend on progress made in the economic reform policies initiated in the Soviet Union and some other East European countries in recent years. Active negotiations had started in 1986 between EEC and CMEA aimed at establishing relations at an official level. Although the different mandates and systems of the two organizations might limit substantive co-operation in the near future, the recently concluded agreement would give new impetus to East-West economic relations. Concrete questions of trade and economic co-operation would have to be settled through bilateral agreements between individual CMEA countries and the European Community.

48. In North America the recent signature of a Free-Trade Agreement between the United States and Canada might signal the beginning of a process that could lead to the formation of yet another common market of enormous potential.

49. While the integration process could be considered to represent progress in extending and reinforcing economic exchanges and co-operation, it might also create adverse conditions for non-member countries or other economic integration organizations. In other words, progress in internal integration could mean external disintegration unless adequate measures were taken in a broader context.

50. That was where the Commission continued to play an important role since its members included all countries of EEC, EFTA and CMEA as well as other European and North American countries not members of any of those subregional organizations. The Commission could serve as an umbrella for the whole region so that the potential for co-operation could be more fully used in such areas as trade and industrial co-operation, standardization, industry, science and technology, the environment, agriculture and timber, energy and transport.

51. He had appended to the text of his statement, to be issued as Press Release ECE/GEN/32, an updated summary of recent developments to supplement the comprehensive *Economic Survey of Europe, 1987-1988*, summarized in document E/1988/52, and would merely add that output in the market economies had not so far shown any sign of weakening in response to the October 1987 stock market crash. Output growth in the largest market economies had accelerated in the second half of 1987 and first quarter of 1988, leading to an upward revision of forecasts. The market economies of the region were, in aggregate, expected to grow by about 2.7 per cent in 1988 although a slowdown in growth rates was generally predicted for the second half of 1988 and for 1989.

52. In the centrally planned economies, industrial growth in the first quarter of 1988 had averaged some 5 per cent—well above the 1987 performance—and several East European countries had registered substantial real export growth and corresponding gains in their external balances.

53. The fundamental problems facing the world economy had, however, persisted. Indeed, in so far as recent strong activity in the market economies had been due to the buoyancy of growth in the United States it might have contributed to slowing the rate of adjustment in the global pattern of current accounts. In western Europe, economic growth continued to be too weak to offset a possibility of slowdown in the United States or allow a significant reduction in unemployment. In eastern Europe, the upswing in the first quarter partly reflected the weak performance of the preceding winter, and in some countries structural problems and inflationary imbalances had in fact sharpened.

54. At its session, the Commission had adopted the Overall Economic Perspective to the Year 2000, which had been prepared and approved under the auspices of the Economic Advisers to ECE Governments. The first part of the Perspective provided an overview, including a synthesis of its main findings and scenarios for long-term economic growth conditions. The second part consisted of special studies and included analyses of human resources development, energy prospects, environmental problems, and science and technology in relation to the region's long-term economic development. The Perspective highlighted the role of international trade, the dynamism of which could make a major contribution to the improvement of growth. East-West trade, which was of particular interest to the Commission, had

expanded at rates above the international average throughout the 1960s and 1970s, but, as the Perspective indicated, the rate of expansion had declined substantially in the 1980s in the wake of world-wide economic difficulties and rising levels of indebtedness. A change in the structure of foreign trade between market and centrally-planned economies was an important precondition for revising that expansion. Further growth on the lines envisaged in the Perspective would open the way for East European countries to increase the share of manufactures in their exports to the West from 28.5 per cent in 1985 to approach 50 per cent in the year 2000. The analysis also showed that with concerted efforts from both East and West, an upswing in east-west trade could contribute to the global improvement of economic activities.

55. Turning to activities of direct interest and benefit to the developing countries of other regions, he said that the Commission's work on trade facilitation through the international harmonization and simplification of documents and procedures was making an important contribution to reducing the costs of world trade, some 10 per cent of which was accounted for by paperwork. One noteworthy achievement had been the adoption of rules of electronic data interchange for administration, commerce and transport, known as EDIFACT, which had achieved world-wide acceptance and, according to a recent estimate, might eventually bring savings of some $350 billion a year to business throughout the world. In that work the Commission co-operated very closely with UNCTAD and member countries of other regions and other regional commissions were associated with the work through the UNCTAD Programme on Trade Facilitation. In view of the importance of agreement on world-wide standards, the Commission recommended to the Council that the system should be referred to as UN/EDIFACT by analogy with the UN Lay-Out Key, which had won virtually universal acceptance for trade documents.

56. The Commission also served as a focal point of the coal industry throughout the world. As early as 1956, it had adopted an International Classification of Hard Coals, which had achieved world-wide application. In 1987, its Coal Committee had adopted an International Codification System for Medium- and High-rank Coals, which the Commission brought to the attention of the Council, so that it could consider appropriate measures for world-wide application.

57. In the transport sector, the Commission's programme continued to have far-reaching repercussions for other regions as well. The rapid evolution of transport technologies and their high cost required a sound investment programme, and transport also had an important bearing on economic relations between countries at different levels of development. Transport chains were in many cases intercontinental, which necessitated a higher degree of co-operation between trading nations of different regions, such as those around the Mediterranean. Despite legal instruments for the facilitation and harmonization of all forms of transport in the area, there was pressing need for the application of uniform controls and procedures. The Executive Secretaries of ECA, ESCWA and ECE had, accordingly, reached agreement on fresh co-operation on transport questions, which would help them to respond more efficiently to the many transport needs of the riparian countries and others whose economies depended on transport in the Mediterranean. The Commission's work in that area had received further impetus through the establishment of transport centres by three Governments: the Transport Study Centre for the Eastern Mediterranean in Greece, the Transport Study Centre for the Western Mediterranean in Spain, and the Transport Training Centre in Turkey. The Commission had paid tribute to the contribution of the Centres to its work in the transport field and had submitted a question to the Council regarding their status.

58. The Commission had paid special attention to General Assembly resolution 42/187 of 11 December 1987, concerning the report of the World Commission on Environment and Development. The Commission's member Governments were conscious that their countries, which accounted for some 80 per cent of world industrial production, were responsible for a large share of the world's pollution and industrial waste. Over the years, the Commission had been particularly active in pursuing measures to combat environmental pollution and in advocating low- and non-waste technologies. Its members agreed that greater attention must be given to a more comprehensive approach to environment and economy, in particular the real costs of environmental degradation and to measures for assessing environmental impact. It had, accordingly, decided to carry out a comprehensive review of its programmes and activities aimed at contributing to sustainable development. The review would serve as an input to the Regional Conference to be convened by the Norwegian Government in 1990 in co-operation with the Commission.

59. Mr. KIBRIA (Executive Secretary, Economic and Social Commission for Asia and the Pacific) said that although the developing countries of the region had averaged a 6 per cent rate of expansion in 1987, the figure was very largely due to near double-digit growth in China and to the 11 to 13 per cent rates of East Asia's newly industrializing economies. Many least-developed and small Pacific island countries had suffered stagnation or decline. Thus, 1987 had been another year of worsening hardships for the neediest nations of the region, with a steadily widening income gap between them and the more successful of ESCAP's developing member countries.

60. Two factors had had a particularly important bearing on 1987 growth in the region. One was the large increase in manufactured exports, especially from the three East Asian newly industrializing economies and the ASEAN group but also from China, India and Pakistan, helped in part by the fall in the dollar, and the other was the severe drought followed by flooding in South Asia which had pushed growth rates down to 1 to

2 per cent in India, Nepal and Sri Lanka, although good recoveries were expected in the current year.

61. Among the region's 11 least developed countries, the 1987 performances of Bangladesh, Burma and Nepal had been affected by adverse weather as well as low commodity prices. Their growth experiences since 1985 had been particularly disappointing in respect of per capita income, where the continuation of a growth rate of less than 2 per cent seemed far too low for much hope of significantly improved living standards within a generation. The external debt burdens of several member least developed countries also constituted increasingly serious problems. Most of the region's least developed countries had done poorly in recent years, as had most Pacific island countries, which had been hit by tropical storms in some cases and by depressed export earnings from their major commodities.

62. Though the Asian Pacific least-developed countries were aware that the main responsibility for development rested with their own Governments, persistently unfulfilled aid targets, reflecting the continuing crisis in capital flows since 1982, accounted for part of their frustration over the lack of progress in implementing the Substantial New Programme of Action for the 1980s for the Least Developed Countries.[8] Their concern and that of other members had been underlined in a Commission resolution calling for steps to be taken, including in-depth research into what had gone wrong in terms of unachieved growth, in preparation for the Second United Nations Conference on the Least Developed Countries, to be held in 1990.

63. It was evident, given that background, that there was need to reduce the persistently large imbalances in trade and capital flows that constrained the growth of the world economy. Efforts made so far, confined to exchange rate adjustments among the major developed countries, had yet to produce the desired results. Over the past few years, it had become increasingly clear that world development and growth could not be sustained without restructuring, in both the developed and the developing world. Many developing countries had realized the importance of reshaping their economies and had been doing so successfully. However, restructuring could succeed only in the context of global growth and adjustment. Its concern had prompted the Commission to choose economic restructuring as the primary theme of its 1989 session.

64. Even with the current changes, the Asian Pacific region displayed many shocking disparities and inequities. On the one hand, the region had made notable advances since the Second World War, at least in certain respects in some countries. It had demonstrated economic resilience and was becoming increasingly important in the world economy. On the other hand, many Asian Pacific countries were still struggling to vanquish the age-old problems of poverty, hunger, ignorance and disease. For many years, development planning in the region had too often emphasized and concentrated on economic growth, relying on a trickle-down effect to remedy the lagging social side. As a result, the region, which contained some 56 per cent of the world's population, was burdened with hundreds of millions of impoverished people, lacking opportunities, whose foregone productivity and unrealized potential were a drag on progress.

65. The repercussions of social neglect went far beyond the slowing of development, however, and took a heavy toll in human welfare, even life itself. The region's widespread failure to translate economic growth into meaningful results for the masses was reflected in high child mortality rates, malnutrition, low life expectancy, substandard housing and unsatisfactory levels of education, employment and productivity. Urgent new concerns had also emerged, such as rising crime and drug problems, explosively growing cities, large-scale educated unemployment and a lack of readiness, academically or institutionally, for the current technological revolution.

66. Noting those danger signals, the Commission had reached a major agreement in 1988 on a means of correcting that economic and social imbalance and helping to ensure that the human dimension of growth was given adequate consideration. The Commission's adoption of the Jakarta Plan of Action on Human Resources Development in the ESCAP Region at its forty-fourth session, held at Jakarta in April 1988 (resolution 274 (XLIV)), was a landmark decision with important implications for more than half of humanity. The widely heterogeneous members and associate members of the region had been uniform in their support for the Plan and were obviously enthusiastic about shifting their priorities in order to reorient development towards the people.

67. The Jakarta Plan of Action was, in essence, a flexible yet comprehensive policy guideline for balancing social and economic development. It focused on the region's key problems of human resources development in connection with employment and manpower development, science and technology and the quality of life. Its chief aims were to assist the region in preparing to cope with looming massive unemployment, to help developing member countries take advantage of advances in science and technology, and to hasten long overdue improvements in standards of living.

68. The Commission's policy blueprint for upgrading the region's enormous human capital was a follow-up to its concentration on the technological and social aspects of human resources development at its two previous sessions. While ESCAP would play a useful supportive role through technical assistance, implementation of the plan would be mainly at the national level and the Commission's resolution specifically called on other relevant United Nations bodies to support those efforts. If it was adequately implemented, the Jakarta Plan of Action could have a major impact by helping to bring the

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[8] Report of the United Nations Conference on the Least Developed Countries, Paris, 1-14 September 1981 (United Nations Publications, Sales No. E.82.I.8), part one, sect. A.

region's neglected masses into the mainstream of modern development.

69. The Commission had also taken up the Transport and Communications Decade for Asia and the Pacific, running from 1985 to 1994, and had directed the secretariat to make a mid-term review to determine whether its Regional Action Programme needed modifying. The Programme had in fact made substantial headway and less than a third of its 55 projects were still in need of funding. More than half had already been completed or were being implemented in that crucial effort to expand and modernize the region's vital basic infrastructure.

70. The Commission had taken action in a wide range of other fields and increased ESCAP's overall membership to 58 through the admission of the Territory of American Samoa as an associate member. Other important decisions had been to conduct an analytical survey of the region's quality of life as a major initial activity in implementing the Jakarta Plan of Action, and to convene a regional conference on the environment, at the ministerial level, in 1990. It had also laid down guidelines to ensure effective regional preparations for the forthcoming Second United Nations Conference on the Least Developed Countries.

71. The Commission's 1988 session had been marked by the emergence of a genuine sense of Asian-Pacific regional identity and an evident willingness on the part of virtually all its members to think as one region on matters of common interest. Announcements of intended extra-budgetary contributions, with two Pacific developing countries joining in for the first time, represented a heartening manifestation of members' support for ESCAP, as did Indonesia's generous hosting of the 1988 session and its supportive position on human resources development and various other issues. All those developments were a source of great encouragement to the ESCAP secretariat, which pledged its best efforts in pursuing the objective of serving as the United Nations main general economic and social development centre for the region.

72. Mr. ROSENTHAL (Executive Secretary, Economic Commission for Latin America and the Caribbean) said that it was becoming increasingly difficult to talk of the economic evolution of Latin America and the Caribbean as a whole. While all the countries, without exception, had been confronted with particularly complex challenges in recent years, the intensity of the crisis and its particular features had differed from one to another. In 1987, the performance of the various economies had again been uneven but, as far as the region as a whole was concerned, the economic crisis of the 1980s had undoubtedly persisted and in some respects deepened. The growth rate had been lower than that of 1986, which was already low, marking the sixth consecutive year of recession. The region's per capita GDP at the end of 1987 had been 5.3 per cent less in real terms than in 1980. The sluggishness that marked the region as a whole reflected the pronounced downturn in the growth rate of Argentina and Brazil, two countries which carried a great deal of weight in the total, together with very slight growth in most countries—in 12 of them, below the natural increase of population. Chile, Colombia, the Dominican Republic, Jamaica, Peru and Uruguay had been exceptions to that trend, with an economic growth rate appreciably higher than that of the population.

73. Sluggish economic activity in 1987 had been accompanied by a sharp resurgence of inflation. Consumer prices had risen faster than in 1986 in 16 of the 27 economies for which data were available. The advances made in 1986 through the application of a variety of stabilization programmes had vanished, and inflation had made a vigorous comeback in Argentina, Brazil, Mexico, Nicaragua especially, and Peru. In contrast, it had fallen sharply for the second year running in Bolivia and a group of 10 countries had succeeded in keeping their inflation to relatively low levels. There had been a slight general improvement in external sector accounts. In the case of net exporters of petroleum, the improvement had been partly due to a recovery in international oil prices. In a few countries, the rapid growth of exports of manufactures had also helped. In contrast, the net importers of petroleum had experienced a further deterioration in their terms of trade, despite the revival in the prices of certain minerals and other basic commodities. All in all, the total value of exports had grown faster than the value of imports, resulting in a surplus of $22.3 billion in 1987 as against $18 billion in 1986. The favourable balance was largely accounted for, however, by the huge surplus as earned by Mexico, Brazil and Venezuela. Twelve of the 19 countries for which data were available had recorded a deficit. The increase in the trade surplus had helped to reduce the regional balance-of-payments current account deficit to $9.3 billion in 1987, compared with $15.2 billion in 1986. The deficit remained high, however, in nominal terms. In addition, the modest net inflow of capital in 1987 had not been enough to offset net payments of interests and profits, thus making Latin America and the Caribbean as a whole net exporters of financial resources for the sixth year running.

74. The transfer problem, and in particular the external debt problem, had over-shadowed the region's economy throughout the decade. Despite a slight improvement in the debt-service burden in 1987, it continued to restrict import capacity and to reduce ability to finance new productive investment. A determined search continued to be made for formulas to mitigate the impact on present and future growth, through agreements between creditors and debtors, but the number of countries compelled to opt for unilateral moratoriums had grow in 1987. A variety of attempts, some innovative, had been made to restructure maturities, organize debt/bond swaps, convert debt into equity, and find other solutions. The problem had, nevertheless, persisted and in some cases grown worse, and it could be assumed that it would continue to be part of the debate on development in Latin America and the Caribbean for many years to come.

75. Generally speaking, the trends observed in 1987 had persisted in 1988. The revival in the export prices of some commodities was encouraging but a foreseeable increase in international interest rates, thus adding further to the debt-service burden, gave grounds for concern. Attempts to deal with that problem were still under way. Strong inflationary pressures had also persisted and it would appear premature to assert that the worst of the 1980s crisis would be over by the end of 1988. Nevertheless, those years had left a number of encouraging trends, including greater coherence in macroeconomic policy management, fresh efforts towards intra-regional co-operation, and a gradual transformation of productive capacity, reflected in the considerable diversification of the export sector in 1987 as contrasted with only a few years previously. All those developments had taken place within a trend towards pluralistic and participatory political systems.

76. The Commission's principal activities in the last 18 months had included a special conference in Mexico City in January 1987 and its twenty-second session, held in Rio de Janeiro in April 1988. At that session, the secretariat had given a detailed account of its recent activities aimed at examining alternative means of resuming development within a context of harsh restrictions of both domestic and external origin. A debate had ensued on the three most crucial issues connected with short-term economic policy: how to achieve a more expansionary or less recessive adjustment, how to bring down inflation, and how to reconcile the requirements of growth with the servicing of the external debt. The debate had been marked by a medium- and long-term approach aimed at stimulating more dynamic and equitable growth than in the past. The priority issues examined had included options for modernizing and transforming the productive structures of member countries, the urgent need to emphasize the social aspects of development, and the proper role of the various agents, both public and private, in the process of change and transformation. The session had examined the respective responsibilities of the developed and developing countries in the framework of multilateral co-operation from the viewpoint of the region. Areas both of convergence and disagreement had emerged between the developing and industrial countries on such vital issues as debt management and the mobilization of fresh external finance, the defence of a fair international trade system and the progress of the Uruguay Round, and the rules governing the dissemination of technology.

77. An important activity over the past year had been support for action in the sphere of intra-regional co-operation. In fulfilment of his mandate to support the agreements reached by the Presidents of the five countries of Central America aimed at achieving a sound and lasting peace, the Secretary-General had requested ECLAC, together with UNDP, to draw up a special plan of economic co-operation for Central America. The report, completed in April 1988, had been considered by the General Assembly at its resumed forty-second session, in May 1988. Progress had also been made with concrete measures of interregional co-operation. In 1987, ECLAC had sponsored a joint activity with ECA on preference arrangements to promote intra-regional trade. Agreement had also been reached with other Regional Commissions on joint activities in the area of international transport.

78. Activities involving co-operation with specialized agencies of the United Nations system were also developing satisfactorily. For many years, ECLAC had operated joint units with FAO and UNIDO which had proved of mutual benefit. Extremely fruitful joint activities had also been established with the United Nations Centre for Human Settlements (Habitat) and UNEP and a joint programme on finance and trade had recently begun with the secretariat of UNCTAD. ECLAC had also joined with UNDP in carrying out various regional projects. It maintained a close working relationship with UNFPA, which had for many years provided support for the activities of the Latin American Demographic Centre.

79. The Latin American and Caribbean Institute for Economic and Social Planning had continued to provide advisory assistance and training. It had reinforced its activities in public sector programming, social planning and policies, and regional planning. Mention should be made of ECLAC's activities in respect of the integration of women into the development of Latin America and the Caribbean. The fourth regional conference on the subject, to be held in Guatemala City in September 1988, would provide an opportunity to analyse the impact of the economic crisis on the situation of women in the region.

80. The turbulent period through which the United Nations had been passing since 1986 had inevitably affected ECLAC. The recruitment freeze had had particularly adverse repercussions. Though every effort had been made to use the internal redeployment machinery set up in 1987, some 30 per cent of professional posts at ECLAC were vacant, which naturally affected its capacity to carry out the planned programme of work. The situation would gradually be alleviated when the manpower reduction exercise had been completed and ECLAC was authorized to fill some of the vacancies through internal redeployment and, in some cases, the recruitment of outside candidates. Appropriate measures had been taken to ensure that the post reduction which would have to be effected in connection with General Assembly resolution 41/213 of 19 December 1986 had the least possible impact on output and on the well-being of staff.

81. As far as the rationalization of the institutional structure and pattern of meetings of ECLAC was concerned, the Committee of the Whole had met at United Nations Headquarters in August 1987 to examine ECLAC's intergovernmental structure and functions as a contribution to the deliberations of the Council's Special Commission. After careful analysis, the Committee of the Whole had decided to maintain the current

intergovernmental structure of the ECLAC system with certain adjustments. It had also laid down guidelines for consolidating ECLAC's role as the principal economic and social development centre for the region within the United Nations system.

The meeting was suspended at 5.50 p.m. to give delegations an opportunity to put questions to the Executive Secretaries.

The meeting rose at 6.05 p.m.

25th meeting

Tuesday, 12 July 1988, at 10.10 a.m.

President: Mr. Andrés AGUILAR (Venezuela)

E/1988/SR.25

AGENDA ITEM 2

General discussion of international economic and social policy, including regional and sectoral developments (*continued*)

1. Mr. LEMERLE (France) drew attention to the fact that Belgium and Finland had been omitted from the list given by the French representative (22nd meeting, para. 50) of member countries of OECD which had increased the proportion of their GNP devoted to ODA in 1987 over the 1986 level.

2. Mr. XIE Qimei (Under-Secretary-General for Technical Co-operation for Development) discerned a number of positive developments in the world economic situation over the past year. As the *World Economic Survey 1988* (E/1988/50) indicated, economic expansion had accelerated in much of Asia and North America and had remained constant in Western Europe. But in many of the areas where the development activities of the system had been most strongly concentrated—Latin America, West Asia and Africa—economic growth had slowed down in spite of sustained efforts by the countries themselves, particularly in Africa, by donors and by the United Nations system. That was the result of an unfortunate combination of internal and external factors affecting the developing countries, to which previous speakers had referred. Endeavours had been and were being made to adjust the structure and policies of the countries concerned, so as to bring their economies more closely into line with the realities of the 1980s. There was, however, growing awareness of the social impact that such changes had on already disadvantaged groups. It was clear from the Khartoum Declaration[1] and various studies that adjustment policies had serious effects for some. Social policies would, accordingly, have to be adapted to aid vulnerable groups.

3. The Department, with its expertise in economic and development planning, was involved with international agencies and Governments in working out appropriate policies that would promote stabilization without stagnation. It was clear that, to succeed, any revision of policy must have the total support of the Government. The new policies had to go beyond present-day realities and lay the ground work for growth, thus providing a basis for solving today's problems and meeting tomorrow's challenges. Whatever the situation, development—and with it investment—had to be promoted within a framework of general economic equilibrium.

4. Over the past several years, the attention of the United Nations system had been concentrated on the countries of Africa. If they were to return to the course of growth, the countries of the region would have to make renewed efforts to improve their economic management and planning. Much better co-ordination at the national level was required, as recommended in General Assembly resolution 42/196 of 11 December 1987. It was essential for Governments to achieve more coherence in the management of their development efforts. The Special Action Programme for Administration and Management in Africa and similar efforts to help to organize and improve the efficiency of government structures were among the most important contributions the system could make. The Department was engaging increasingly in regional and local approaches to development, which involved a shift from a central to a decentralized pattern with more emphasis on rural development—an approach that encouraged initiation and often worked to the benefit of women and other socially disadvantaged groups. The Department had demonstrated its adaptability as an arm of the United Nations Secretariat, and that, together with its status as a technical and completely impartial body, perhaps explained why, for more than 25 years, Governments had turned to it for assistance in economic and development planning. At its thirty-fifth session, the UNDP Governing Council had recognized the role the Department could play, in its decision on United Nations technical co-operation (E/1988/19, annex I, decision 88/37).

5. The growing relevance of social and population policies was another aspect of economic management and planning that was receiving increasing recognition. The Department's expertise in that field continued to be at the disposal of Governments and funding agencies.

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[1] See 20th meeting, footnote 7.

6. Under prevailing economic conditions, there was a great need for countries to continue to develop natural resources, and the Department was dedicating some 40 per cent of its technical co-operation activities to those objectives. Many countries, particularly energy importers, were benefiting from assistance in developing indigenous energy supplies and in conservation efforts. Similarly, although development of commercial mineral resources was not as easy as it had been in the past, there had been some recent successes. The potential of import substitution also remained attractive. Water resources management also continued to remain high on the agenda of many countries: the lessons of the African drought had not been forgotten.

7. The United Nations system could not relax its efforts to confront the plight of the developing world. It was not altogether clear, however, that "new operational mechanisms" would provide a panacea. The present system of technical co-operation had proved to be flexible, and it was, in many cases, the first choice of Governments seeking assistance. It would perhaps be desirable to assess and make more exhaustive and efficient use of the present modalities before trying to set up new mechanisms.

8. Mr. VEJVODA (Observer for Czechoslovakia) said that a favourable atmosphere for progress towards the solution of the many important issues on the Council's agenda had been created by recent positive trends in the politico-military sphere. Dialogue was becoming more dynamic and was characterized by a progressive jettisoning of stereotypes in approaching the momentous problems of the day. There must, however, be progress in the economic sphere as well if there was to be a realistic prospect of achieving comprehensive worldwide security in the near future. For that reason the socialist countries were continuing their efforts to promote international dialogue on the concept of international economic security as an expression of new thinking and a new approach to the economic aspect of international relations, and a growing number of Member States of the United Nations appeared to be ready to take an active part in the elaboration and gradual implementation of its principal elements. The participation of all countries in the dialogue would make it possible to remove the lack of understanding of the concept that persisted in some countries. His delegation was convinced that the Secretary-General's forthcoming report on the principles of international economic security and its discussion at the forty-fourth session of the General Assembly would further clarify the concept and smooth the way to agreement on concrete measures to put it into practice.

9. That would greatly contribute to enhanced international co-operation in overcoming many key economic problems, including those of the developing countries, among them the problem of foreign debt. The explosive character of the debt problem had recently made the international community more conscious of the need for immediate action. A set of measures should be worked out jointly to provide for the settlement of foreign debt without impeding the economic and social development of developing countries. The international community might agree to cut interest rates, to limit debt repayments to a specified proportion of the export income of developing countries, to accept exports from debtor countries by way of repayment, to eliminate restrictions on the importation of such goods, and to take other partial measures. His delegation believed, however, that a radical reform of the entire system of international economic relations, including the monetary system, would be necessary to achieve a long-term solution.

10. The international community should continue to concern itself with the critical economic situation in Africa. No substantial progress had been made in implementing the United Nations Programme for Action for African Economic Recovery and Development 1986-1990[2] and external support was urgently required for the efforts of African countries to grapple with their present economic difficulties. In particular, prompt steps should be taken to create a more favourable trading environment, but, in the long term it was essential to rebuild international economic relations on a basis of equality of rights and democracy, and to establish a new international economic order that would ensure equal economic security for all countries. His country would continue to participate in the implementation of the conclusions of the Programme of Action. A document[3] submitted to the General Assembly at its forty-third session gave details of its assistance to Africa in 1987.

11. His delegation considered that efforts to overcome the developing countries' problems would be facilitated by the preparation and implementation of a balanced United Nations international development strategy for the 1990s. It fully supported the countries calling for preparations to be started as soon as possible. The tasks and principal objectives should be based on the lessons learned from the present unsuccessful strategy, and on an assessment of the world economy and its problems. It should also reflect the economic development experience of all countries. Its principal role should be to secure appropriate conditions for the durable socio-economic progress of all. He agreed with what was said in the Secretary-General's report on the preparation of a new international development strategy (E/1988/67), which pointed out the need to work out a flexible and comprehensive strategy that would not be limited to the economic field alone and would take into account the interests of both the developed and the developing countries. Czechoslovakia was ready to take an active part in the preparation of such a strategy for the 1990s.

12. In accordance with the principles underlying its foreign policy, his Government had been actively pursuing economic co-operation with developing countries. It considered mutually beneficial economic co-operation to be an important precondition for the development of national economies and one of the key factors in improving international relations and strengthening inter-

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[2] General Assembly resolution S-13/2 of 1 June 1986, annex.

[3] A/43/402, annex.

national security. Economic assistance to developing countries was an integral part of that co-operation and in 1987 the value had been slightly more than 1 per cent of national income.

13. Every world problem was a source of tension, instability and insecurity in international relations. That was increasingly true of environment problems. The international community should deal with the situation in a way that would establish a model of international co-operation making environmental activities a positive influence in all other spheres of international life. What was needed was a concept of international co-operation that would ensure ecologically safe development for each individual country and for the world as a whole. To that end, the Czechoslovak and Ukrainian SSR delegations had submitted a draft resolution on international ecological security to the forty-second session of the General Assembly. He hoped that it would promote constructive international dialogue. His delegation would make specific proposals during the Council's discussion of the agenda item.

14. His Government believed that nothing would contribute more to the solution of world economic problems and to the socio-economic progress of all countries than implementation of the principle of disarmament for development. Specific measures should be taken to that end as soon as possible. The international dialogue on the conclusions of the Final Document of the International Conference on the Relationship between Disarmament and Development[4] should be pursued. Adoption of the proposals made by the socialist countries in their joint memorandum to the Conference[5] would substantially contribute to solution of the problems.

15. The United Nations should also intensify its efforts towards the solution of current economic problems. In its report (E/1988/75), the council's Special Commission on the In-depth Study of the United Nations Intergovernmental Structure and Functions in the Economic and Social Fields had arrived at conclusions which, in his delegation's view, indicated that there could be no true improvement of United Nations activities in the socio-economic field unless Member States displayed the necessary political will to seek mutually acceptable solutions and unconditionally complied with their Charter obligations. His country would continue to work for progress in solving world economic problems, and for an improvement in economic relations between States, which were essential to the strengthening of international security.

16. Turning to some of the ideas and conclusions that had emerged at the forty-fourth session of CMEA, he said that its member countries had assessed economic co-operation among them and had decided on certain measures. The session had approved the collective concept of the international socialist division of labour for the years 1991-2005, which would provide a basis for co-ordinating economic policies in fields linked to mutual co-operation and in other spheres of socio-economic development. The member countries had emphasized that, despite some recent positive trends due to the efforts of the socialist States, the international situation was still complicated and conflict-ridden. They had given particular consideration to the worsening situation of the developing countries and had urged the necessity for constructive efforts to improve the international situation, to strengthen security and peace and to continue to strive for disarmament, particularly nuclear disarmament, and for the development of confidence and overall international co-operation. They had restated their conviction that the transfer of part of the resources released by disarmament to meet economic and social development needs would contribute to the stability of the world economy and the safeguarding of peace throughout the world.

17. The CMEA countries had given careful consideration to the development of economic relations with third world countries, and to contacts with the United Nations and international economic organizations. They had confirmed their support for the radical restructuring of the entire system of economic relations on a just and democratic basis, the establishment of a new international economic order and the safeguarding of the international economic security of all States. They would continue to direct their efforts towards the expansion and improvement of co-operation with the developing countries and would help them to strengthen their economic and political independence and to find a just solution to their problems of foreign indebtedness. CMEA also considered it necessary to expand and enrich relations between States with different socio-economic systems, and had welcomed the signing, on 22 June 1988, of the joint declaration on the establishment of official relations between CMEA and EEC. Normalization of relations between the two organizations, and the establishment of official relations between their member States would make a substantial contribution to the implementation of the Final Act of the Conference on Security and Co-operation in Europe.

18. Mr. BADAWI (Egypt) said that he concurred with the views expressed by the Observer for Tunisia on behalf of the Group of 77 (20th meeting). The Council's general discussion should be a real exchange of views and a genuine dialogue between all the protagonists with a view to reaching a set of recommendations in the economic, social and related fields directed to the Member States of the United Nations and the specialized agencies concerned. Before drawing conclusions or making specific proposals on how to enhance multilateral action towards development and genuine international economic co-operation, he briefly reviewed some of the findings cited in the report of CDP (E/1988/16), the publication of the World Bank *World Development Report, 1988,* and the *World Economic Survey 1988*, from which it could be seen that words such as uncertainty, volatility, unsustainability, frustration, fragility, tension and recession were among those most frequently used to describe the world economic situation and the prospects in the short and medium terms.

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[4] United Nations publication, Sales No. E.87.IX.8.

[5] A/CONF.130/6.

19. Some measures had been taken, however, at the multilateral level to remedy the deplorable situation. The seventh session of the United Nations Conference on Trade and Development had adopted by consensus a Final Act[6] which had spelt out the obligations of different groups of countries in meeting the major problems facing the world economy. The General Assembly, in its resolution 42/198 of 11 December 1987, indicated steps to increase international co-operation to solve the external debt problem. On 15 April 1988 the Joint Ministerial Committee of the Boards of Governors of the World Bank and IMF had stated in a communiqué[7] that an enlarged volume of financial flows to the developing countries was required to meet the needs for economic growth, poverty alleviation, environmental conservation, structural adjustment and the resolution of debt difficulties. The communiqué had recognized that greater flows and an improved quality of concessional resources were needed by low-income countries. It also recognized that a number of heavily indebted lower middle-income countries, in grave economic difficulties, deserved the international community's attention. The Summit Meeting held at Toronto from 19 to 21 June 1988 had provided an opportunity for the leaders of the major market-economy countries to give effect to the recommendations agreed at the Conference by 159 Member States of the United Nations. Regrettably, the opportunity had not been seized.

20. International co-operation should, by definition, encompass all the actors in the international arena—the market-economy, planned-economy and developing countries. The last had suffered particularly from having been isolated for years from the decision-making process on matters relating to the world economy. It was paradoxical that a double standard should exist in interpreting democratic principles where matters vital to all peoples of the world were concerned. The consensus achieved at the Toronto Summit Meeting[8] on proposals to ease the debt service burdens of a limited number of the poorest countries had been regarded as the Summit's greatest success. In fact, the proposals fell far short of what had been expected and initially proposed by some participants in the Summit. The Toronto Declaration mentioned no measure aimed at the transfer of real resources to developing countries and contained no new proposal to alleviate the debt service burden of the lower-income and most heavily indebted countries. The declaration dwelt chiefly on the trading system and agricultural policies, spheres in which there were known to be many divergences among the developed countries. An equally important issue, the declining prices of the commodities which were the developing country's main source of export earnings, had not been satisfactorily dealt with. It could be clearly seen that some Members of the United Nations were scarcely honouring the commitments they had entered into in multilateral forums.

21. It was essential that all countries should engage in serious negotiations to improve the economic situation and promote development through enhanced multilateral co-operation. Economic negotiations should be reactivated within the United Nations and other international organizations if the consensus in that field was to be restored and maintained. To that end, the Council could hold a special session or recommend the convening of such a session by the General Assembly, to discuss the world economic and social situation. The special session could proclaim the Fourth United Nations Development Decade and adopt the relevant International Development Strategy.

22. The adverse international economic environment had dealt a severe blow to the African countries' efforts to implement the United Nations Programme of Action for African Economic Recovery and Development 1986-1990 and the international community's implementation of its commitments had been largely inadequate. As a result, the prospects for the coming years were grim. The value of exports in 1990 was expected to fall far below the level in 1986, when the Programme of Action had been adopted. The fall in export earnings had forced most African countries to reduce imports, including goods essential for development. To enable African countries to maintain a rate of imports compatible with their needs for economic recovery, resource flows to those countries would have to increase from $19 billion in 1986 to $29.7 billion in 1990, which was unlikely to materialize in the prevailing economic environment.

23. According to forecasts, Africa's indebtedness would amount to $237 billion in 1990, with debt servicing representing about 45 per cent of export earnings and interest payments 20 per cent in 1990, compared with 13 per cent in 1986. The situation was untenable and would further worsen the continent's economic situation.

24. Another noteworthy factor was the human dimension of Africa's economic recovery and development. The International Conference on Africa: the Challenge of Economic Recovery and Accelerated Development, held at Abuja (Nigeria) from 15 to 19 June 1987,[9] and the International Conference on the Human Dimension of Africa's Economic Recovery and Development, held at Khartoum from 5 to 8 March 1988,[10] had made it possible to assess the central role played by the human factor in development. It was to be hoped that the recommendations of the two conferences would be translated into specific measures, since the human factor had hitherto received insufficient attention.

25. In his view, the position adopted in December 1987 at the third extraordinary session of the Assembly of Heads of State and Government of OAU, held at Addis Ababa on 30 November and 1 December 1987, on Africa's external debt crisis,[11] should be at the centre of

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[6] See 19th meeting, footnote 1.

[7] See *IMF Bulletin*, vol. 17, No. 9, p. 136.

[8] See A/43/435, annex.

[9] A/42/410, annex.

[10] A/43/430, annex I.

[11] See A/42/874, annex II.

the review and appraisal of the United Nations Programme of Action for African Economic Recovery and Development 1986-1990.

26. Mr. FRANCHESCHI (Italy) said that the world economy continued to develop at a moderate pace but the persistence of financial and external imbalances did not augur well for the future. The major industrial countries, however, through enhanced policy co-ordination, had adjusted their trade balance in the right direction. Those countries' overall growth rate had exceeded 3 per cent, and inflation had remained low. Although there had been a marked fall in the ratio of debt to exports in the developing countries, their growth rates remained inadequate and many of them had not yet managed to restore solvency.

27. In 1987 the disequilibrium between the current-account balances of the three major industrialized countries had increased. The United States deficit had increased by $161 billion, while the surpluses of Japan and the Federal Republic of Germany had amounted to $87 billion and $44 billion respectively. In the United States the rise in domestic demand had been less than in some other industrial countries such as Canada, Italy, the United Kingdom and, more particularly, Japan. In his view, growth in domestic demand in the structurally externally-oriented countries and the introduction of policies for the promotion of growth and imports would help to correct those imbalances. In his Government's view, the adoption of a dynamic system of target zones in the major currency areas would help to strengthen economic policy co-ordination. In Europe, the system could be aligned on the ECU.

28. The partial recovery in international trade and the slight rise in commodity prices had to some extent improved the financial situation of the most heavily indebted developing countries. During the past decade those countries had managed to improve their external trade balance but had suffered a deterioration in terms of trade at the same time. It was essential that the developing countries should be able to increase their exports. Only an open and predictable multilateral trade system would enable them to do so. It was important, in that connection, to bring the Uruguay Round to a successful conclusion in order to enhance the developing countries' prospects of development and assist them in resolving their debt problem.

29. The debt problem remained a matter of concern for the Italian Government, which felt that the current strategy could work if applied on a case-by-case basis. It supported the developing countries which sought supplementary efforts to maintain growth and guarantee adequate flows of external resources. He welcomed the recent decisions to increase the World Bank's capital and enhance IMF's Structural Adjustment Facility and to establish a management support mechanism within UNDP. Those decisions came at a time when adjustment efforts were beginning to weaken, particulary in the low income countries of Africa and Asia. The situation could deteriorate if the terms of trade shifted to the disadvantage of debtors. The major creditor countries, including Italy, were fully aware of the situation. A number of proposals had been made to alleviate the problem of the most heavily indebted low-income countries of sub-Saharan Africa and thinking in the Paris Club reflected the creditor countries' growing concern about the lot of the debtor countries. In addition, the Toronto Summit had put forward a number of options to help the poorest countries such as debt rescheduling, the extension of maturities and concessional interest rates. Italy would do its best to promote progress in that direction and would, among other things, revive the initiative it had taken in September 1985 to help a number of sub-Saharan African countries.

30. Mr. FERNANDEZ (Philippines) said that the central issue before the Council stemmed from a renewed awareness of the multiplicity and gravity of the structural imbalances which vitiated efforts to improve the lot of the world's peoples. The structural imbalances had to be reckoned in human terms according to various criteria, First, according to the note by the Secretary-General entitled "Review and analysis of agrarian reform and rural development" (E/1988/56) and the summary of his report on the "Overall socio-economic perspective of the world economy to the year 2000" (E/1988/62), the most significant development during the period 1973-1982 had been the almost all-pervading decline of per capita GNP in the developing countries—a finding confirmed by the World Bank's *World Development Report 1988*. Secondly, life expectancy, which was 73 years in the developed countries, was only 57 years in the developing countries. Thirdly, according to UNFPA, a child born in a developing country was seven times more likely to die before attaining five years of age than a child born in a developed country. Fourthly, six preventable child diseases killed some 4 million children each year in the developing countries and disabled 4 million more. Fifthly, some 430 million people, including 100 million children under five years of age, suffered from malnutrition. Sixthly, as the Executive Director of WFC had pointed out (22nd meeting), the cruellest imbalance was undoubtedly in relation to hunger, which was spreading in a world of food surpluses. Those were some of the human dimensions of structural imbalances. They existed because there has been an imbalance between declarations and actions.

31. Resolution of the debt crisis, of which the Philippines was one of the unhappy victims, was a *sine qua non* of renewed growth for the majority of developing countries. The developing countries' outstanding external debt was 40 per cent higher than it had been six years earlier. The Philippine people had just carried out the most challenging structural reform by restoring democracy in February 1986. One of the new Government's priority concerns was to recover from the economic slide, which had set per capita GNP back by 10 years, caused an unprecedented rise in unemployment and brought 60 per cent of all families to economic levels below the poverty line. In addition, the country's economy had been burdened by an external debt which had amounted in 1986 to $24.5 billion and had increased

rapidly. The Philippine Government had accordingly adopted a growth-oriented debt management strategy. Its policy was to honour its debts even though some believed that certain debts were unjust and even unlawful and it had reached agreement with IMF for a standby credit and with the Paris Club for rescheduling. The structural adjustment programme it had accepted was being faithfully implemented. The debt burden nevertheless remained very heavy. The seriousness of the country's predicament was reflected in the proposed budget for 1989, which forecast that 47.5 per cent of the total budget would go for debt-servicing.

32. In order to resolve the global debt problem, creditor countries and financial institutions would have to be readier than hitherto to share the burden. It was regrettable that no durable solution had been found to the debt problem of the middle-income countries. Better ways of dealing with the problem must be found than the case-by-case approach advocated by creditor countries. The process was too slow and could not cope with the global crisis. The creditor countries and multilateral institutions, particularly IMF and the World Bank, should adopt a more positive attitude towards proposals for international facilities to restructure and reduce the developing countries' debt burden. An increase in capital flows in the form of credit, direct investment and particularly bilateral and multilateral assistance was of crucial importance. He welcomed the Secretary-General's call (18th meeting) for external aid in support of social programmes to mitigate the social, and often political, costs of adjustment.

33. There was no need to reiterate that an open trading system was fundamental to the growth of all countries. His delegation shared the general concern over the rise in protectionism, unfair trade practices and commodity price instability. The ASEAN Ministers for Foreign Affairs, at their 25th meeting, held at Bangkok on 4 and 5 July 1988,[12] had reaffirmed their commitment to work towards the attainment of the objectives set forth at Punta del Este. They had called for concerted efforts to liberalize trade and strengthen the multilateral training system, and had stressed that commitments to standstill and roll-back should be strictly adhered to. He hoped that the Uruguay Round negotiations would be hastened with a view to achieving agreement before the end of 1988 on the reform and liberalization of international trade in agricultural products. In the mean time, immediate measures should be taken to freeze and reduce agricultural subsidies.

34. Finally, he joined the Secretary-General and other delegations in calling for a "conversion to multilateralism". Multilateralism had so far prevented a third world war and there were encouraging prospects of disarmament and peace. But underdevelopment had persisted and even worsened, widening the inequalities among peoples. The *World Economic Survey 1988*, the World Bank's report for 1988 and the Final Act of the seventh session of the United Nations Conference on Trade and Development had a common "menu" for concerted action by the international community: to redirect capital and trade flows in a manner consonant with the need for stability and widespread growth in the world economy. Defining the "diet" and timetable for the "menu" was not technically difficult but the required political will would make the difference. There was no lack of scenarios in regard to the overall socio-economic perspective of the world economy to the year 2000, but a choice had to be made, and the choice must be such as to ensure the "health" of all, and not of only some.

35. Mr. VILLARREAL (Panama) said that as the International Development Strategy for the Third United Nations Development Decade neared an end, the developing countries, particularly the poorest and least developed, still bore the yoke of former colonial structures and were bound by new forms of dependence, particularly in trade and finance, to the countries which held the reins of world power. The economic imbalances affecting the third world countries stemmed essentially from the intrinsic imbalances of the various subsystems which underlay international trade flows. The structure of international trade, and the arrangements defining relations between the industrial and developing countries were based on mechanisms systematically biased in favour of the richest countries. The initial results of the Uruguay Round demonstrated the resistance of the major industrialized Powers to the creation of an environment that would encourage expansion of the developing countries' trade.

36. One effective solution would be to introduce a new international economic order that would correct the fundamental inequity in relations between the developed and developing countries. The latter's external debt, the fall in many commodity prices and the other contradictions stemming from the methods of capital accumulation and reproduction practised by transnational and financial corporations were all sources of instability in countries subject to the rigours of the existing international order. Accepting the rules of the game, however, was not enough to obtain a place in the international division of labour. Countries wishing to regain the exercise of their sovereign rights over their natural resources and to control their own destiny were open to reprisals.

37. The example of Panama was a clear case in point. Because geography had endowed the country with a strategic value history had fully confirmed, the worlds' greatest Power wanted to keep Panama under its permanent control, notwithstanding the fact that under the Torrijos-Carter Treaties, the United States had undertaken to restore full sovereignty over the canal to Panama at the end of the century and to withdraw all its bases and military forces from the Canal Zone. Nevertheless, with only 12 years to go to the end of the century, the people and Government of Panama were being subjected by the United States to the most violent political and economic aggression in their history. Since mid-1987 the Government of Panama had been the target of a series of actions and conspiracies in which the United States was openly participating. Destabiliz-

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[12] See A/43/510, annex.

ation having failed to produce the desired results, the aggression had taken the form in the first three months of 1988 of direct economic measures aimed at undermining Panama's economy and thus overthrowing its Government. Those measures had included suspension of the United States import quota for sugar and sugar products, the blocking by the United States Federal Reserve Bank and some private banks of funds belonging to the National Bank of Panama, the freezing in a blocked bank account of the assets of Panamanian consulates in United States territory, the suspension of payments under the Panama Canal Treaty, the reduction of the quotas applicable to Panamanian exports, a 50 per cent increase in customs duties on Panamanian products, and non-tariff barriers against Panamanian exports to the United States, already reduced by over two thirds, and obstacles to negotiations concerning Panama's external debt servicing. Panama's export industries had been hard hit by other measures. The setback suffered by Panama's economy as a whole was evaluated at $1,497 million for 1988. The economic aggression was accompanied by increasingly numerous and systematic violations of the Torrijos-Carter Treaties, particularly the reinforcement of troops stationed in the Canal Zone.

38. In consequence, the Panama isthmus, a geographical fact which should have been a blessing for the inhabitants of the region, had become a curse because of the ambition of a great Power. The Panamanian people was courageously resisting United States aggression, in the conviction that the third world's economic and social development depended essentially on the determination of its people and the untrammelled use of its natural resources. Panama earnestly hoped that it was waging its final and conclusive struggle for freedom.

39. Mr. ZEYTINOGLU (Observer for Turkey) said that the world economy's short-term prospects, as reflected in the *World Economic Survey 1988* were scarcely encouraging. Although the economic situation had improved somewhat since early 1986, the industrial countries had been unable to use the opportunity to bring about a lasting renewal of sound growth. The imbalances between them had continued to widen, investment had stagnated and protectionism had increased. As a result, the developing countries' chronic debt-servicing difficulties had increased further. Their terms of trade had again sharply deteriorated, and for some of them the cost of adjustment had become very heavy.

40. Turkey knew that interdependence was bound to increase and had begun a major structural adjustment programme to liberalize its external trade and reform its banking, fiscal and exchange system to enable the Turkish economy to benefit from free market forces. Priority would, however, have to be given to the debt problem as the Secretary-General had indicated (18th meeting), i.e., creditor countries would have to show greater awareness of the urgency of the problem and act accordingly.

41. Turkey attached particular importance to the United Nations Programme of Action for African Economic Recovery and Development 1986-1990. Africa was still in the grip of the crisis and had needed further financial, food, health and humanitarian assistance. Turkey was endeavouring to further the development of some African contries through the provision of technical assistance and the execution of agricultural, irrigation, industrialization and technical education projects.

42. Turkey welcomed the successful co-operative efforts of ECE, ECA and ESCWA, particularly in regard to transport. The new interregional transport project in the Mediterranean, to be carried out jointly by the three commissions, was interesting and useful. The existing co-operation should be further strengthened and more fields for co-operation sought.

43. In his view, the Council's Special Commission on the In-depth Study of the United Nations Intergovernmental Structure and Functions in the Economic and Social Fields had been useful and should continue its work. International co-operation in the field of human settlements should be a priority issue for the international community, in view of the need for action in that field. The development and utilization of new and renewable sources of energy also warranted special attention. Turkey was organizing an international Mediterranean congress in November 1988, on solar energy and other renewable energy sources, to enable the countries of the Mediterranean, the Middle East and North Africa to exchange ideas and experience.

44. His delegation also attached great importance to human resources development, which, in its view, called for the design of education systems suitable for each country's needs and capable of responding to the problems of young people and ensuring the participation of women in the development process.

45. Mr. HARUN-UR-RASHID (Observer for Bangladesh) also said that, despite the modest progress made in some industrialized countries, improvements in the international economy as a whole had not been sufficient to permit a real renewal of development in the third world. All the economic indicators were revealing in that respect: in most developing countries, per capita income was still lower than it had been in 1980; the average prices of non-fuel commodities exported by developing countries had declined significantly in 1987 and the net transfer of financial resources had remained negative for the third consecutive year, with a net outflow from developing to the developed countries of at least $20 billion; ODA had continued to stagnate, and the debt burden of the developing countries had reached an all-time peak. In addition, natural disasters had disrupted economic improvement in several South Asian countries.

46. The plight of the LDCs had intensified overall since the adoption of the Substantial new Programme of Action for the 1980s[13] in their favour. Their number had increased from 31 in 1980 to 41 in 1987.

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[13] See 24th meeting, footnote 8.

47. Several features of the current multilateral response to the economic crisis in the developing countries had actually contributed to their current precarious economic situation. Despite the organization of new multilateral trade negotiations, protectionist measures were still on the rise and implementation of commitments to standstill and rollback had been disappointing. Moreover, the policies of the developed countries continued to restrict any short- or long-term improvement in the commodities sector. For their part, many developing countries faced difficulties in implementing structural adjustment programmes, in too many cases imposed unilaterally from outside. In such cases, it could happen that adjustment measures took precedence over programmes which the developing countries wished to implement in such vital areas as human resources development, social and physical infrastructure, and so on.

48. There was a pressing need, therefore, to reorient the multilateral approach in order to attack the fundamental and complex causes underlying current problems. In order to restore the vitality of the world economy as a whole, coherent and concerted action on the part of the entire international community was called for, based on a shared and identical perception of the interdependence of the economies of the developed and developing countries and the logical consequences of that interdependence. In that connection, he associated his delegation with the proposals made by the Observer for Tunisia on behalf of the Group of 77 (20th meeting).

49. The measures to be taken must be designed above all to significantly improve the international trading environment. In other words, an attempt must be made, within the framework of the Uruguay Round, to liberalize trade and gradually eliminate all barriers to developing country exports, on behalf of the least developed countries in particular. The net outflow of resources from developing to developed countries must be reversed and the former provided with a sufficient, assured and stable supply of long-term capital. Many indebted developing countries were on the brink of insolvency and although the decisions taken at the Toronto Summit Meeting were encouraging, their scope was, it must be recognized, limited. Furthermore, while the early entry into force of the Common Fund for Commodities should permit a start on stabilizing the export receipts of developing countries dependent on a few commodities, the Fund's compensatory financing facility would need to be further improved to help the developing countries diversify their economies.

50. Special measures should also be worked out on behalf of the LDCs within the framework of a new Programme of Action for the 1990s. The Second United Nations Conference on Least-Developed Countries, planned for 1990, should provide an opportunity for tackling that task. He wished to record his delegation's appreciation of the steps already taken by the Executive Secretaries of ESCAP and ECA to contribute to the preparatory process for the Conference. He hoped that other United Nations agencies and organs would also contribute to the preparations. At the same time, new initiatives should be taken within the United Nations system to improve system-wide co-ordination in implementing programmes for the least-developed countries, through improved institutional arrangements which would have UNCTAD as their focal point.

51. Mr. TEJA (India) said that, in the last few years, much of the preoccupation about the world economy had centred around recovery and adjustment. It was therefore appropriate and timely to focus on the theme of the multilateral response to structural imbalances in the world economy, particularly in the light of their impact on the development of developing countries. Sluggish rates of growth of world trade and output meant that it would not be possible to resolve any of the major problems facing the world economy and major imbalances would continue to persist. In some industrial countries growth was insufficient to absorb the high rate of unemployment and for the developing countries the consequences risked being even more disturbing—further aggravation of the external debt problem, stagnating standards of living and erosion of the physical and social infrastructure—making them even more vulnerable to the next economic downturn.

52. In order to be able to address those structural problems, concerted measures were required to raise projected levels of growth. The development process was losing momentum and must be reactivated through bolder policy initiatives. A sizeable injection of purchasing power through concessional flows would not only help the developing countries but also have a mitigating effect on the major imbalances in the world economy. The role of surplus countries was particularly crucial in that connection and his delegation had noted that some developed countries were considering important steps in that regard. The process needed to be widened and placed on a more secure basis and the idea of fresh allocations of SDRs so as to provide unconditional liquidity needed to be revived.

53. The chronic inadequacies of the world economy were the result of accumulated strains in the international monetary and financial systems. Those systems had been unable to evolve sufficiently to keep pace with the rapid changes that had occurred. The integration of financial markets, the abdication of control over liquidity creation, the erosion of the underpinnings of exchange stability and the slackening of discipline in monetary and fiscal policies had all aggravated the developing countries' difficulties. The international financial system had failed to assure the transfer to the developing countries of adequate resources, on appropriate terms and conditions, to finance their development activities. The alleviation of the current development crisis required a more effective system of co-operation that would ensure an increasing flow of resources, particularly ODA resources, to the developing countries, and would give the international monetary and financial institutions access to adequate resources.

54. The international trading system bore witness to an erosion of accepted norms and principles and an increasing reliance on unilateral discriminatory action. The ongoing multilateral trade negotiations should provide an opportunity for strengthening and preserving the multilateral trading system, but little progress had been made in the area of safeguards, which had been the cause of most of the pressures and tensions of recent years. Furthermore, increasing pressure was being brought to bear for reciprocal concessions which the developing countries could ill afford to make, while little progress was made in the sectors of most direct concern to them, namely agriculture, textiles and tropical products. Lastly, some of the proposals in new areas, such as investment and intellectual property, went far beyond the scope of the agreements of the Uruguay Round and challenged the right of developing countries to manage their economies in accordance with their national objectives.

55. He expressed his delegation's satisfaction at the conclusion at Belgrade in April 1988 of the agreement on the Global System of Trade Preferences, which represented a contribution by the developing countries to strengthening the multilateral trading system and expressed their conviction that economic relations could be reordered on a just and equitable basis.

56. There was a need for an in-depth assessment of the foundations of the existing system to serve as a basis for managing global interdependence on a more equitable and harmonious footing, so as to reflect the interests of all groups of countries and to evolve policies which could be supported by both developed and developing countries. The seventh session of the United Nations Conference on Trade and Development had made possible a small step in that direction and during the current session of the Council use must be made of other opportunities that would arise in order to build a renewed consensus for development directed against the global problems of hunger and poverty.

57. The United Nations—and the General Assembly and the Council in particular—had a very important role to play in the efforts of the international community to effect structural reforms in the monetary, financial and trading systems. Some, though inadequate, progress had made it possible to arrest the retreat from multilateralism in recent years, but to allow multilateral co-operation to grow it was necessary to adopt a consistent and coherent approach in dealing with the increasingly complex and interlinked issues.

58. His delegation would express its views in due course on the various items of the agenda but he wished to take the opportunity to note that the report of UNHCR (E/1988/53), which was to be transmitted to the General Assembly without debate, made no reference to the implementation of the resolutions adopted in 1987 by the Council and the General Assembly, specifically with regard to enhancing the role and participation of observers in the work of the Executive Committee. He trusted that information in that respect would be made available well before the consideration of the report by the General Assembly.

59. Mr. ARANEO (Uruguay) congratulated the Secretariat on the documents submitted in the *World Economic Survey 1988*—chapter IV of which be regarded as particularly important—and the report by the Secretary-General on indigenous entrepreneurs in economic development (E/1988/63), a topic which should go on to be treated in greater depth since entrepreneurship was an essential factor in national development.

60. In the current international economic context, the basis of the economic system established after the Second World War, at a time when it was thought that sustained economic growth in the developed countries would have parallel advantages for developing countries and when intensive international co-operation was being earnestly advocated, was being increasingly called into question and multilateralism was being progressively abandoned in favour of bilateralism. Scientific and technological progress had intensified the effects of that trend, moreover, in that it widened still further the gap between the developed and the developing world and inevitably modified the modes of production and the structure of trade. The multilateral financial institutions, originally conceived as tools to be used for economic and social development in all countries, imposed painful adjustments on the developing countries while the macroeconomic imbalances of the great powers grew worse. The resulting serious distortions affected the financial system and international trade.

61. The current international economic situation threatened the potential economic and social development and the economic stability of many countries. Its features included sluggish economic growth in the main industrial countries and persisting macroeconomic imbalances among them; high interest rates; diminishing capital flows to developing countries; net transfer of resources from developing to developed countries; reemergence of protectionist trends and unfair trade practices; lastly, declining prices for developing country exports, deteriorating terms of trade and fluctuating exchange rates. Those unfavourable factors had important repercussions in Latin America, where GDP had declined to the 1978 level and there was an unprecedented decline in the standard of living, stagnation in investment and restrictions in the field of foreign trade, as well as an upsurge of inflation in many countries.

62. His delegation wished to draw attention to two issues which were a constant source of anxiety for the region and which ECLAC had emphasized in the summary of its study of the economic and social situation in Latin America and the Caribbean, 1987 (E/1988/61). With regard to external debt, which was currently the major obstacle to sustained development in the region, it was no longer possible to speak of a crisis because the problem had ceased to be temporary and was intensifying steadily. Between 1982 and 1987, resources transferred out of the region had totalled about $150 billion, equivalent to 50 per cent of the amount of debt in 1982, which had not prevented the latter from increasing from $330 billion to $410 billion over the same period. In the

circumstances, it was difficult to make the adjustments needed for a resumption of growth and the diversification of production. As the report by the Secretary-General on the net transfer of resources from developing to developed countries (E/1988/64) showed, the effect of such a transfer was to reduce both consumption levels and investment ratios. In that connection, he shared the view expressed in the conclusion to the document, in particular the last paragraph. However, despite a better understanding of the nature of the problem in the developed countries, lenders and bankers had not yet drawn the appropriate conclusions or moved towards just and lasting solutions. His delegation noted that the seven major industrialized countries, at the Toronto Summit Meeting, had recognized that debt was a threat to the political stability of the developing countries and had announced measures on behalf of Africa. It regretted, however, that the industrialized countries in question had not taken the opportunity to respond to the debt problem of the countries of Latin America and the Caribbean.

63. In the matter of trade, the countries of the Latin American region based great hopes on the Uruguay Round and attached great importance to the mid-term review to be held in Montreal in December 1988. However, the facts on the ground were far removed from the spirit of liberalization which seemed to prevail in the negotiations being carried on in the GATT framework. The commitments with regard to standstill and roll-back had remained a dead letter and there was a resurgence of protectionist policies and practices. His delegation saw it as positive that at Toronto the industrialized countries in question had declared their intention of fighting protectionism, strengthening the multilateral trading system and pressing on with the Uruguay Round, and that they had decided not to impose any new trade restrictions and to phase out those in existence. However, it noted with considerable concern that no specific commitment had been made to correct the macroeconomic imbalances and distortions arising from the subsidies enjoyed by the agricultural exports of many developed countries.

64. In that connection, he thought the United States representative (19th meeting) had been over-optimistic about international economic realities. The world situation remained fragile and could give rise to a new recession, as was confirmed by the World Bank's *World Development Report, 1988*. The study made it clear that the glaring inequalities between levels of economic, technical and scientific development in the various countries meant that a favourable evolution of the economic situation of certain great Powers was not automatically reflected in corresponding progress in less developed countries. The industrialized countries also retained important schemes for protecting and supporting uncompetitive industrial and agricultural sectors. According to recent World Bank estimates, the cost of protectionist measures taken against the developing countries represented 9 per cent of their GDP. In practice, it meant that those countries' producers could not only not penetrate markets subject to such protection but also suffered from irrational competition which kept them out of third markets and hampered the establishment of stable trading relations.

65. The strengthening of trade was an essential factor in development, particularly for countries such as Uruguay which must give that sector pride of place in any growth strategy. While it was more and more difficult for developing countries to obtain resources without resorting to fresh foreign loans, other countries supported the uncompetitive sectors of their economies through their financial might. According to World Bank figures, the United States, for example, had paid its farmers subsidies amounting to $27 billion in 1987 and EEC had paid a total of $30 billion to that sector over the same period. Such artificial support for agriculture had deplorable consequences for countries such as Uruguay, whose exports of non-fuel primary products accounted for more than 58 per cent of sales. To give another example, the rate of growth in value and volume of manufactured goods exported by developing countries had declined sharply, falling from 5.4 per cent by the end of 1980 to 3.9 per cent in 1987.

66. Uruguay for its part had made considerable efforts since the inauguration of a democratic government in March 1985 to improve its level of development and social justice. The economic and social indicators bore witness to a positive evolution, but it was an exception among the countries of the region. In conclusion, he expressed his delegation's conviction that democratic forms of government, human dignity and political stability were inseparable from sustained economic and social development.

67. Mr. RICOY (Council for Mutual Economic Assistance) said that the CMEA attached great importance to the proceedings of the Economic and Social Council as an international forum for discussing topical social and economic problems and bringing together the efforts of States with a view to a just solution, and was in favour of strengthening the Council's role and effectiveness in dealing with the most acute problems of the world economy and international relations. The member countries of CMEA were firmly convinced that the problems being discussed were closely interrelated to issues of development and the strengthening of peace.

68. Although some positive changes were taking place in the international situation and producing a beneficial effect on the world political climate, the general situation remained complex and contradictory. Vigorous and constructive measures must therefore be adopted to impart a continuous dynamic and irreversible character to the process of disarmament with a view to releasing resources for economic and social development. The normalizing of international economic relations was an ever-more-urgent task and more international co-operation should be established with a view to solving global problems with due regard for the interests of all countries, eliminating protectionist measures and other forms of discrimination, and restructuring on a just and democratic basis the entire system of international economic monetary and financial relations. In that con-

text, the future United Nations International Development Strategy for the Fourth United Nations Development Decade should seek to ensure favourable external conditions for the social and economic development of States and for strengthening confidence in international economic relations.

69. The aggravation of the economic situation of the developing countries was causing particular anxiety. Accordingly, the CMEA member countries supported the developing countries' demands for the restructuring of international economic relations and a just solution of the problem of external indebtedness. They were continuing to develop co-operation with those countries with a view to helping to eradicate their backwardness, make them economically self-sufficient and enable them to participate on an equal footing in the international division of labour. Economic and technical assistance was being furnished, on both a bilateral and multilateral basis, to over 100 developing countries in Asia, Africa and Latin America. Several co-operation agreements had been concluded between CMEA and developing countries—including Nicaragua, Mozambique, Angola, Ethiopia, Democratic Yemen and Afghanistan—for the implementation of more than 100 projects on a multilateral basis. Substantial assistance was also being provided for the training of national personnel. The CMEA countries would continue to pursue their policy of expanding and improving mutually advantageous economic, scientific and technological co-operation with the developing countries.

70. In recent years, the CMEA countries had succeeded, owing to the broad mobilization of their own efforts and strengthened mutual co-operation, in expanding social production and making progress in carrying through their social programmes. They had continued the joint implementation of the Comprehensive Programme of Scientific and Technological Progress of the CMEA Member Countries up to the Year 2000. The recent CMEA session had noted that the development of co-operation and of socialist economic integration and the strengthening of the international socialist division of labour were becoming ever-more important factors in the political and economic life of CMEA member countries. A collective concept of the international socialist division of labour for the period 1991-2005 had also been approved by the session, which should give new impetus to the dynamic and harmonious development of the national economies of the member countries. In accordance with that concept, integrated programmes of mutual co-operation had been adopted between the European CMEA member countries and Viet Nam, Cuba and Mongolia, aimed at resolving the most urgent social and economic problems of those three countries, expanding their participation in the international socialist division of labour and achieving more efficient mutual co-operation.

71. CMEA attributed a special place in its activities to restructuring the mechanism of multilateral co-operation, socialist integration and its own activities, carried out as domestic and external conditions permitted and taking into account the interests of member countries and the efforts they were making to improve their national economic mechanisms.

72. The further development of the economies of the CMEA member countries would undoubtedly open up new opportunities for the expansion of trade and scientific and technological relations with all countries, which should in turn promote the stabilization of world economic relations. CMEA maintained multi-faceted relations with the agencies of the United Nations system and other international economic, scientific and technological organizations. In addition, on 22 June 1988, CMEA and EEC had signed a joint declaration on the establishment of official relations and proclaimed their intention of developing mutual co-operation in areas of common interest. The normalization of relations between CMEA and EEC created favourable conditions for the development of trade and economic exchanges between the members of both groups and would have a positive impact on the political climate in Europe and all over the world, thus contributing to the implementation of the Final Act of the Conference on Security and Co-operation in Europe.

The meeting rose at 1.10 p.m.

26th meeting

Wednesday, 13 July 1988, at 3.05 p.m.

President: Mr. Andrés AGUILAR (Venezuela)

E/1988/SR.26

AGENDA ITEM 2

General discussion of international economic and social policy, including regional and sectoral developments (*continued*)

1. Mr. JHUNG (Observer for the Republic of Korea) said that the role of the United Nations, and particularly of the Council, in co-ordinating national economic and social policies was more important than ever. Whatever the view of the role of multilateralism in the world

economy, it was clear that the United Nations system would have a significant bearing on shaping the world socio-economic structure in the next decade and in the next century. It was appropriate therefore that the Council should give priority consideration to the question of structural imbalances in the world economy, in the light of the development problems of developing countries. A major indicator of disequilibrium was the fact that developing countries, with two thirds of the world's total population, accounted for only one quarter of gross world output.

2. The co-ordination of macro-economic policy among the major actors in the world economy had been a major driving force behing global economic expansion in the 1980s. The effort to redress economic structures in the centrally planned economies had been another growth factor. The contribution of the developing world, however, had been relatively small. Although the developing countries as a whole had recorded modest growth over several years, there were wide discrepancies in the economic performance of individual developing countries. Volatile exchange and interest rates, coupled with structural economic imbalances, posed a constant threat to the health of the world economy, making the economic outlook for the 1990s highly uncertain.

3. The *World Economic Survey 1988* (E/1988/50) argued that the world community needed to establish a co-operative framework to redirect capital and trade flows in a manner consonant with the needs of stability and widespread growth in the world economy. A reverse net capital inflow into the developed countries would ultimately dampen demand for their products, which would, in turn, reduce resources for reinvestment. Another major global market disruption could result from the insolvency of the debtor countries. The developing countries' debt problem needed global attention and policy co-ordination. Economic summits as well as IMF and the World Bank had made suggestions for solutions, some of which were receiving a cautious welcome. However, stop-gap measures applied on a case-by-case basis to the short-term balance-of-payment difficulties of individual countries were insufficient. A more comprehensive and durable solution must be found. The Governments of creditor countries should play a greater role in adjusting the burden of the debtor countries by means of official action on commercial loans to middle-income debtors, special arrangements for the most severely burdened African nations, and the rectification of reverse financial flows to the international financial institutions. The United Nations system, where the voices of both creditors and debtors could make themselves heard, was of great importance in that connection.

4. Although world trade had continued to expand in the 1980s, the growth rate had been below those of the 1960s and 1970s. Trade imbalances among the major economies, between market economies and the debtor countries, and between manufactured goods and primary products, were major obstacles to faster and smoother expansion of world trade. Redressing the imbalances was no easy task and involved the often painful process of industrial structural adjustment.

5. Recognition of those problems was being given practical expression in the Uruguay Round of multilateral trade negotiations, in which the world's trading nations were sitting together and discussing areas often considered taboo in the GATT system, such as agriculture, tropical products, services and even investment. The negotiations offered a chance the world could not afford to miss if the trading environment was to be improved in the 1990s and beyond. Much, however, remained to be done. Deep-seated imbalances could not be removed by taking a narrow view of individual economies, groups or regions. Problems such as agricultural surpluses and the adverse effects of new or expanding customs unions, particularly among the industrialized countries, demanded appropriate consideration in the context of global economic balance.

6. Exchange rates constituted another vital issue. Stable and predictable rates could transform the momentum of growth of trade into a global economic expansion. The recent success in containing exchange rate fluctuations within a narrower band had contributed significantly to alleviating external imbalances among the developed countries. Stabilization was particularly important to the developing countries since exchange rates were directly related to export earnings and debt-servicing. Further co-ordinated action by the developed country Governments would be welcome.

7. His country had strengthened its economic co-operation with the developing countries. In 1986, it had established an Overseas Economic Co-operation Fund with an initial allocation of $70 million which would be expanded to $400 million over the next five years. A contribution of $1 million had been committed to the Non-Aligned Movement's Africa Fund for the period 1988-1992. Many trainees from other developing countries had been invited to the Republic of Korea and technical experts had been sent abroad to enable other countries to share its experience in developmental endeavours. In the trade field, the Government was continuing its liberalization programme to the benefit of all its trading partners. It was also an active participant in the Uruguay Round, where it sought to act as a bridge between the developed and developing countries.

8. The social and economic problems of the 1980s were manifold. A successful development strategy required concerted and co-ordinated policy-making. The United Nations, and the Council in particular, had an important task before it, that of formulating a solution that would be viable through the 1990s. The effective functioning of the Council was thus a common concern. He hoped a consensus would emerge from the current session on how the role and achievements of the Council could be enhanced.

9. Mr. COSTA LOBO (Portugal) said that his delegation regarded the Council as the appropriate instrument for assisting the General Assembly to fulfil its functions under article 60 of the Charter of the United Nations. The Council's comprehensive analyses of the issues on

its agenda were needed by the General Assembly as a basis for its task of providing political guidance. Any shortcomings in the proposals and documentation the Council submitted to the General Assembly would have repercussions on the overall action of the United Nations as well as on the work of the Assembly.

10. Since the Council's second regular session of 1987 in Geneva, the underlying problems of the world economy had manifested themselves in the form of a major stock market crisis, and it had been predicted that growth would decline in the United States and the slowdown would be transmitted to Europe through trade linkages. However, monetary policies had been rapidly adjusted to provide the financial system with adequate liquidity and dramatic financial failure had been avoided. Despite the progress since then and good intentions in regard to international policy co-ordination, the need for structural adjustment remained. Although there were encouraging features such as low inflation, wage moderation, restored profitability and adequate labour supply, growth was expected to remain sluggish and, in Europe at least, insufficient to bring down unemployment. Stronger economic growth was needed, supported by micro- and macroeconomic policies taking into account the global interdependence of the international economy.

11. Resource allocation and overall economic performance could be improved by removal of the macroeconomic imbalances and the multiple distortions and rigidities in the functioning of markets that had developed over the years. However, structural measures usually took time to produce visible effects and might not be enough to achieve the pace of economic growth required to reduce unemployment. On the other hand, delay in taking action and continued low growth made structural adjustment more difficult, thus undermining the conditions for expansion, whether in the OECD or developing countries. More vigorous non-inflationary, job-creating growth must be promoted through active and continued co-operation.

12. His Government was committed to the success of the Uruguay Round which was essential to the prevention and dismantling of protectionism, the promotion of multilateralism in trade policy and the restoration of balance in trade flows. The work already accomplished was satisfactory but the hardest task lay ahead. For the first time, multilateral trade negotiations were covering three different areas, the classic exchange of tariff concessions, improved GATT rules and disciplines, and such non-traditional subjects as services, intellectual property rights and trade related investment measures, where the negotiating road would be long. The evaluation meeting to be held in December in Montreal to assess progress could stimulate the negotiating process and pave the way for substantial results by the end of the Round.

13. The magnitude of North-South problems demanded a willingness to enter into a dialogue and an increased effort towards common perceptions as a precondition for realistic action on development issues. The Final Act of the seventh session of the United Nations Conference on Trade and Development[1] was an important step in that connection. Further complementary action should be undertaken at the international level and in his recent address to the Parliamentary Assembly of the Council of Europe, the Prime Minister of Portugal had expressed Portugal's willingness to serve as host to a European centre for North-South dialogue.

14. The basic objectives of the United Nations Programme of Action for African Economic Recovery and Development 1986-1990[2] to which Portugal had pledged its support had been endorsed by the world community and it was important that the momentum should not be lost. The Programme of Action needed to be implemented to the full and a comprehensive evaluation should be made at the forthcoming mid-term review. Success depended on the actions of the participating countries and international organizations. Portugal, whose interest in the Programme of Action was accentuated by its close links with several African countries, would make every endeavour to contribute to that success.

15. The developing countries' efforts to undertake major reforms and adopt new policies in difficult circumstances in order to relaunch and sustain economic growth must be encouraged. In that context, Portugal welcomed the conclusions of the Summit Meeting held at Toronto from 19 to 21 June 1988,[3] whose recommendations on the debt of the poorest countries it was already following in a case-by-case approach.

16. In order to fulfil the functions assigned to it by the Charter of the United Nations, the Council must view the subjects entrusted to it from an overall perspective and a world standpoint, realizing that its effectiveness depended on the co-operation of all its members. At its current session, it should further clarify the most important issues and identify possible steps towards balanced and sustained growth. At some point it would need to consider how to record the emerging convergences in its deliberations, bearing in mind that many observations and views merited further consideration in other international forums. The Council should call for political realism and establish priorities which would once again give its work the importance and scope set out in the Charter. His delegation hoped the session would contribute fo further progress in international economic co-operation and pave the way for a better balanced and more stable world.

17. Mr. ROBERTSON (Australia) said that the Council's annual discussion of international economic and social policy was in many ways immensely frustrating. The consequences of global poverty were clear and all countries professed to be committed to improving international economic prospects, particularly for the most seriously affected countries, but agreement had yet to be reached on many key issues, such as the rectification of imbalances in world trade. In its general discussion of global problems such as debt or protectionism, discuss-

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[1] See 19th meeting, footnote 1.

[2] General Assembly resolution S-13/2 of 1 June 1986, annex.

[3] See A/43/435.

ing the major issues, such as the liberalization of markets, would generally lead the Council in the right direction, but the global solution to global poverty would be the sum total of the different growth strategies of every country in the world, each tailored to the particular and complex circumstances of the country concerned and each influenced by the policies and performance of other countries. A solution to poverty in individual countries would depend on the policies adopted by those countries as well as on international support. The debate was frustrating because it did not lend itself to deeper analysis of the nuances and qualifications that often determined the success of national policies in the key economies and in developing countries.

18. The major theme of the current debate was the multilateral response to the imbalances in the world economy, particularly in the light of their impact on the development of developing countries. As a result of improvements in policy implementation and economic performance in the major economies over the last 12 months, the short-term economic prospect of most other countries had also improved. However, the risks of a slowdown in the world economy remained and further progress in tackling fundamental imbalances was needed to minimize them. Policy co-ordination could be useful in promoting a clearer perception of problems and a greater commitment to attacking the underlying causes.

19. Some countries seemed to have recognized earlier than others that structural adjustment was an urgent priority. In that connection, the Japanese Government was to be commended for the financial, budgetary and market-opening measures which it had recently instituted. The arrangements to liberalize beef imports recently negotiated with the United States and Australia was a case in point.

20. Despite the efforts of Japan and other major economies, huge current account and fiscal imbalances remained and further adjustments were required to put growth and development on a firm footing. The United States budget deficit must be reduced and structural reforms, particularly the removal of trade barriers, must be urgently implemented in all countries if global economic growth rates were to return to the levels of the 1970s. Australia had taken such measures. The Government had succeeded in recording a budget surplus and plans had been announced to accelerate the abolition of import quotas and reduce tariffs on all goods, including the products of some sensitive domestic industries. Australia alone had little weight in the global economy, however, and others needed to take parallel action.

21. Australia attached the highest priority to the development of an open, liberalized system of multilateral trade. Protectionism was directed at restraining and postponing structural adjustment. Its main immediate result was waste and waste could not be afforded, domestically, in world trade, or in the multilateral system. The Uruguay Round offered a critical opportunity for an effective multilateral response to international trade problems. The mid-term review would be an occasion for advancing the negotiations and securing specific interim arrangements on some issues. Although there has been positive developments in several areas, the most difficult discussions still lay ahead.

22. Australia had been active in advancing discussion on a broad range of issues, thus demonstrating its awareness of the potential significance of the multilateral negotiations in facilitating the restructuring and reorientation of its own economy, as well as its understanding of the need to contribute to progress generally.

23. The problems of trade and debt were closely interrelated. The emergence of the debt problems of many developing countries and their persistence had created severe strains in the global economy, exacerbating imbalances. Australia was itself facing and adjusting to such difficulties and therefore appreciated the magnitude of the problem. A critical element of their solution was the adoption by debtor developing countries of effective macro-economic adjustment measures. Sustained global economic recovery was also important, but debtor developing countries needed access to the growth generated in the industrialized countries in order to trade themselves out of debt. They must have reasonable access to the markets of industrialized countries and reasonable assurances that their export prices would not be affected by the subsidized trade of industrial countries. There was a basic contradiction between debt strategies focusing on improving the debtor countries' export competitiveness and developed country policies, such as those prevalent in international agricultural trade, which denied them market access and artificially depressed commodity prices.

24. The success or otherwise of endeavours to reform the United Nations intergovernmental machinery and its functions in the economic and social fields would undoubtedly affect the Organization's capacity to respond to major global economic problems. Australia had participated actively in the work of the Council's Special Commission. Only fundamental changes rationalizing the Organization's administrative and support functions and reducing overlapping and duplication could make it more effective. Unfortunately, a number of factors, above all a lack of political will, had prevented such a fundamental reform package from being negotiated by the Special Commission. Nevertheless, Australia, which had a reputation for a practical, action-oriented approach, remained committed to reform and would continue to play a positive role in the search for practical means of building upon the work of the Special Commission in the course of the session. His delegation urged member States and institutions to work towards adopting effective measures to meet the challenges before the Organization and the global economy at large.

25. Mr. GLAIEL (Syrian Arab Republic) observed that millions of people were still deprived of the basic means of leading a decent life. Unemployment levels remained high and many countries were experiencing serious balance-of-payments difficulties. Most develop-

ing countries had been compelled to cut back expenditures. They were unable to sustain their economic and social development, and their per capita income was continuing to decline.

26. External indebtedness had assumed unprecedented proportions and was creating serious problems for many developing countries. There was still a need for the expansion of commercial bank loans, and for development to proceed on the basis of an integrated co-operative approach to indebtedness, aimed at promoting growth but taking account of the particular circumstances of each debtor country.

27. Another challenge to policy makers and economic planners was the quickening pace of structural change, which further complicated matters. Many countries were making genuine efforts to adjust their economies in furtherance of national objectives, but the developing countries, which were the worst affected by economic vicissitudes, had failed to overcome their difficult situation, because of increasing interdependence within the world economy, the impact of national economic policy-making on the development process and the imposition of restrictions on exports and prices, which thwarted their efforts.

28. Comprehensive and radical solutions had to be found to narrow the gap between the North and the South—even between certain developing countries. The current trend towards extremes of poverty and wealth must be reversed. The industrialized countries must relinquish some of their advantages to help the less developed countries. For example, they should agree to the transfer of modern technology, which had become essential to development, and change their political attitude towards the developing countries, especially those whose political and social outlook did not suit them. Trade and economic embargoes had seldom proved effective in bringing such countries into submission, or in changing their political, economic and ideological systems. That approach tended to achieve the opposite effect.

29. In addition to the considerable resources that were spent to cope with natural disasters such as drought, floods and earthquakes, a vital share of the resources of the developing countries had to be allocated to defence to cope with man-made problems such as regional conflicts, wars, occupation and the plundering of resources, which had occurred in most developing countries for centuries, making the poor poorer and the rich richer. Indeed, the causes of the developing countries' current economic predicament could be traced to their colonial past. Their old economic infrastructure could not be reformed. It must be replaced completely if genuine independence was to be achieved. Although a few changes had taken place in the way colonies and semi-colonies were exploited, exploitation as in the past was still aimed at providing imperialist monopolies with huge profits by taking advantage of the position of inequality characterizing the young States.

30. The developing countries must mobilize all their material and human resources to overcome their economic difficulties, and devise more effective solutions to economic and social problems. They must continue their struggle to change the present state of affairs, and develop their own means of tackling development problems. They must therefore identify their priorities and improve their plans for self-reliance, as had been stated at the Third Conference of Heads of State or Government of Non-Aligned States, held at Lusaka in 1970. However, because of world economic interdependence and the impact of external economic policies on the development process, any progress inside the developing countries must be accompanied by outside measures to assist their efforts and to achieve stability and economic and political security, which would encourage the diversion of some defence spending to development. Even a very small percentage of the billions spent on armaments would be enough to rid the world of hunger and to provide shelter, health and education for the poor.

31. The efforts of the United Nations to overcome the third world's problems deserved gratitude and encouragement, but its support and development programmes for the least developed countries, the helpless and the national liberation movements must be intensified though the co-ordination of its efforts and programmes. Ultimately, however, the key to current and future problems was political will.

32. Mr. ASSADI (Islamic Republic of Iran) said that the economic situation must be viewed with more despondency than gratification. The unjustifiable deprivation suffered by almost half of mankind could not be other than deeply disturbing to the human conscience. The magnitude of the difficulties faced by the developing countries—whether resulting from inequities in the existing order or the policies of the powerful countries, or, from a common history of exploitation—meant that they could not exercise any real sovereignty over their economic, natural, financial, or even human resources, or undertake long-term planning or achieve effective management of their economies.

33. The world was facing two simultaneous crises—the crisis of growth and the crisis of debt, each of which fuelled the other. Reverse transfer of capital from the developing to the developed countries—a comparatively recent phenomenon—was one of the main causes of the current stagnation in a great part of the world. The poor and middle-income countries were suffering what could be described as a haemorrhage of capital, and it was as unrealistic to expect development, or even minimal growth, in such circumstances as it was to expect that current remedies would solve the debt crisis. The progress made in some countries in particular circumstances or as a result of the special favour extended by certain developed countries; with the concurrence of the international financial and monetary institutions and private banks, could not be construed as evidence of an advance towards the solution of the debt crisis.Half-hearted and half-baked palliatives were no substitute for genuine solutions. Exchange rate adjustments and policy co-ordination should not be hailed as achievements. They were, on the contrary,

geared primarily to helping the developed countries solve their own problems, often to the detriment of the developing countries.

34. Although the Islamic Republic of Iran did not have any foreign debt, his Government believed that the achievement of an honourable and comprehensive solution to the debt crisis would require the co-operation of all the parties concerned. It should not be the policy of the creditor countries and institutions, whether private or international, to force debtor countries to adopt unilateral measures.

35. Any decrease or standstill in economic and financial assistance, when coupled with the erection of further trade barriers, could not but lead to the perpetuation of stagnation and an exacerbation of the crisis. The very modest increases registered in the prices of some commodities could hardly be a matter for rejoicing when there had been no parallel increase in the prices of fuel and manufactures exported by the developing countries. Commodity prices were at the mercy of the developed countries, which, through their stockpiling policies, were in a position to flood the market at any moment they chose. However, the prices of developed countries' exports were steadily increasing, and their partners were faced with a deterioration in their terms of trade. The history of economic development over the past several years clearly demonstrated that, so long as the reverse transfer of capital continued unchecked and there was no expansion in the foreign exchange earnings of the developing countries, there could be no real solution of the debt crisis.

36. Opposition to the protectionism practised by developed countries could not be confined to resolutions adopted and speeches made in international forums. It must find practical expression. So long as existing trade régimes and systems remained unchanged and the developed countries persisted in their present policies, it was only to be expected that the members of the Group of 77 would intensify their efforts to expand trade with one another within the framework of the Global System of Trade Preferences. In the circumstances to which he had referred, and in the absence of any real hope that the North-South dialogue would be reinvigorated in the near future, regional co-operation must be a priority activity for the developing countries.

37. The reports of the Executive Secretaries of the regional economic commissions, while reflecting the pervasive economic and social difficulties of their regions, also highlighted the necessity for and the advantages of regional co-operation. The Islamic Republic of Iran had shown its commitment to that process by establishing, jointly with Pakistan and Turkey, a regional economic co-operation organization, which had successfully promoted co-operation since 1984 in a number of fields. It was hoped that the organization would be able to extend its activities in the future and enlarge its membership.

38. Protection of the environment called for a concentrated effort at all levels. It was an established fact that the world environment was deteriorating, whether through misuse of natural resources, or unprincipled industrial policies, including the dumping of hazardous waste, uncontrolled urban growth, or the production and deployment of conventional weapons and weapons of mass destruction, whether nuclear, biological or chemical. The preparation of the report of the World Commission on Environment and Development,[4] and of the Environmental Perspective to the Year 2000 and Beyond[5] represented a major step forward, but full implementation of the programmes presented would be a greater achievement. Full co-ordination with other organizations, particularly the regional economic commissions, could make a very significant contribution.

39. Turning to the operation of the United Nations system, he concurred with the view that global issues required global solutions based on global consultations. Global consultations had, however, been proceeding for decades within the system, and the question still remained unanswered how the United Nations was to deal with the lack of political will, on the part of a few powerful Members, which they blatantly demonstrated by their obstructionist attitudes and prevarications in many international meetings. More generally, it had to be admitted that the United Nations, had been not unjustly described as "a paper company". The question that had to be faced was whether the United Nations system could be content with repetitious discussions and the production of voluminous documentation—which incidentally absorbed considerable human and financial resources. Could it not, through judicious pruning of its activities, including in the economic and social fields, release human and financial resources for the promotion of more practical programmes? The United Nations was only a collectivity, and it was for all its Members to endeavour to rise to that challenge.

40. Mrs. BALJINNYAM (Observer for Mongolia) said that the rate of growth of the world economy continued to be unsatisfactory, with contradictory trends and persisting imbalances holding out no promise of improvement. In spite of the modest growth achieved by some, most developing countries were in dire straits, with many of them heavily dependent on agricultural exports for foreign exchange earnings and experiencing a declining share of world trade. They were also suffering the effects of worsening terms of trade, falling commodity prices and the increasing trend towards protectionism. Among the causes were unstable international conditions, an acceleration in the arms race and an increase in military expenditures. The International Conference on the Relationship between Disarmament and Development, held in New York from 24 August to 11 September 1987, had pointed to the enormous contribution disarmament could make to the well-being of developing countries and highlighted possibilities of achieving accelerated development under stable internal conditions by reallocating funds from military to

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[4] A/42/427, annex.

[5] *Official Records of the General Assembly, Forty-second Session, Supplement No. 25* (A/42/25 and Corr.1), annex II.

economic development purposes. The positive shifts in international politics, particularly the dialogue between the Soviet Union and the United States, and the signing of the Treaty on the Elimination of Intermediate-range and Shorter-range Missiles, together with the settlement of some regional conflicts by peaceful means, had combined to create a favourable climate in international relations which provided a real opportunity to meet the challenges of the world economic situation. That would, however, require better international understanding, and a dialogue based on respect for the interests of all States. Mongolia advocated the strengthening of international economic security and the establishment of appropriate institutional machinery for that purpose.

41. External indebtedness not only impeded the relaunching of the development process in many developing countries but also had serious implications for the world economy as a whole. Her delegation shared the view that current efforts were inadequate and reaffirmed its support for the recommendations in the Final Act of the seventh session of the United Nations Conference on Trade and Development and in recent General Assembly resolutions on the global and just solution of the debt problem.

42. Her delegation favoured the preparation of an international development strategy for the Fourth United Nations Development Decade, which should include provision for an assessment of the issues that would confront the world community in the 1990s, the creation of favourable external conditions for economic and social development, effective international and national disarmament measures, the establishment of a comprehensive international peace and security system, and the restructuring of international economic relations, including military and financial issues.

43. Among the other items before the Council, her delegation attached particular importance to regional co-operation, the place of women in development, food and agriculture, environment questions, science and technology in development, and human settlements.

44. The regional commissions had a vital role to play. Mongolia participated actively in the work of ESCAP and believed it could make a valuable contribution to the development of mutually beneficial co-operation among the countries of the region, with its vast concentration of material and human resources.

45. Protection of the environment was becoming a focus of growing international concern. The rapid development of industry in her country, shortcomings in the technology employed, and irrational utilization of resources had led to serious ecological deterioration. The need to co-ordinate measures aimed at remedying that situation had led her Government to establish a special ministry with responsibilities in that area. In order to ensure properly co-ordinated international co-operation an international strategy should also be prepared.

46. With regard to the important issue of reform of the United Nations intergovernmental structure and functions in the economic and social fields, she regretted the Special Commission had not been able to achieve a consensus. It had, however, done useful work and identified some areas of possible agreement. Her delegation hoped that all parties would display a constructive attitude, and that the Council would succeed in making a positive contribution to the completion of the in-depth study entrusted to it by the General Assembly.

47. Mr. JAMAL (Observer for the United Republic of Tanzania) observed that social and economic forces had not achieved even a fragile equilibrium in the global framework, and that no previous speaker had been able to point to signs of the convergence of the developed and the developing countries. While there was belated acceptance that structural adjustment was an inevitable part of the development process, it had little prospect of success if the majority of the people affected could not identify their social and economic welfare with it. It was not enough to describe the past 10 years as a lost decade for many developing countries, especially those of sub-Saharan Africa. It was of crucial importance to realize the magnitude of the negative multiplier effect of that stagnation. The sub-Saharan African countries were all supposed to be endeavouring to orient their economies towards exports, all were dependent on commodities, most had not achieved food self-sufficiency, all were desperately trying to extract every unit of energy they could from their forests, all had underdeveloped infrastructures, underdeveloped human resources, inadequate educational and health services, very little private capital, and all of them were poorly equipped in science and technology. The question had, therefore, to be asked where structural adjustment, whose manifest purpose was to link them speedily with the external trading world, would eventually lead them. Their situation was not calculated to attract foreign direct investment, unless for quick gains for rapid repatriation. How were they to avoid incurring new, massive debts—assuming that the old ones were written off? How were they to satisfy the basic needs of their people when prospects for increased commodity prices continued to be grim, and the threat of damage from the vagaries of the weather continued to hang over them? Liberalization for its own sake could prove more counter-productive in social terms than policies of protecting import-substitute activities until internal linkages had been properly established. If it was accepted that uniform, simplistic remedies should not be sought, why should that wisdom not be applied to the advocacy of structural adjustment through unbridled liberalization in an international monetary and financial environment heavily weighted in favour of advanced industrialized societies?

48. The significance of the Council's role lay in its ability to record firm commitments, as well as progress in implementing them, aimed at achieving sustained convergence of the developed and the developing countries as much as securing a balance of interests within national and regional contexts.

49. The Bretton Woods institutions, which had been intended to provide predictability and a sense of growing order in international affairs, continued to hold the key to the resolution of many complex issues, and the

United Nations system itself remained in a precariously poised position. Having listened once again to the representatives of IMF (21st meeting) and the World Bank (22nd meeting), he had the impression that the leadership of those institutions was aware of the enormous responsibility they bore in having to advise the developing countries, including the least developed, to make massive adjustment endeavours. It was a fact that most industrialized countries were loath to undertake comparable structural adjustments in their own societies or in the Bretton Woods institution, over which they wielded decisive influence. It was illogical to expect structural changes from the disadvantaged countries while not undertaking changes in the key international institutions themselves.

50. When restructuring was seen as likely to promote newly perceived interests of industrialized countries, the change was eagerly sought, as in the case of the Uruguay Round, as a result of which a restructured GATT might well enshrine even greater asymmetry between developed and the developing countries.

51. Even if the developing countries succeeded in maintaining the present precarious balance of rights and obligations, they had no assurance that the international framework of monetary and financial institutions and corporate management would guarantee an equitable utilization of international liquidity although that was a product of global interaction between producers and consumers, developed as well as developing.

52. The developing countries were, therefore, still confronted with a host of *ad hoc* measures, specifically tailored to meet short-term needs as perceived by those reluctant to make structural changes that might affect their own long-term interests. While many developing countries had secured a basis for sustained economic growth, a high proportion of them remained disadvantaged because of the absence of a predictable and supportive international environment. International recognition had been given to the hard realities of sub-Saharan Africa, but action to promote sustainable growth and equitable development there was still elusive.

53. Prospects for the future as seen by the World Bank remained bleak, at least until 1995. In effect that meant no increase in per capita wealth over the 25 years between 1970 and 1995. It was hard to imagine Europe, Japan and the United States contemplating such a prospect in their own cases. It was hardly surprising that foreign direct investment in sub-Saharan Africa had declined to an annual level of $400 million in 1984, as compared with $1.5 billion in 1981. If problems were approached by first identifying the amount of resources available and then prescribing a set of conditions to be fulfilled before drawing on them, it was obvious that the approach was bound to be self-limiting, if not self-defeating. The report of the Advisory Group on Financial Flows for Africa[6] provided the latest illustration of such an approach. No matter how high-minded the intention, if resources fell short of what was needed, difficulties were bound to be compounded with the passage of time. The refusal by some major military powers to commit resources for development which were at present spent on armaments was the other side of the same coin. The established mix of military power and industrial and technological superiority appeared to be sacrosanct.

54. The countries of sub-Saharan Africa would have to pull themselves out of their plight whatever the international community did or did not do. The only question was which road they would be compelled to take in the absence of a sustained flow of resources.

55. The priority question of the session of the Council—the multilateral response to the structural imbalances in the world economy—was very much an open issue. In endeavouring to strike a balance between structural adjustment nationally and internationally, he believed that much more could be done by such surplus countries as Japan and the Federal Republic of Germany, which had the capability to promote genuine social and economic development, provided they took adequate and timely action.

56. He wished to place on record his country's appreciation for the enhanced commitment of the Government of Italy to meeting the sub-Saharan challenge, and to thank all countries and institutions giving assistance to the countries represented in the Southern Africa Development Co-ordination Conference, which were committed to reducing their dependence on the racist régime of South Africa. He wished also to pay special tribute to the far-sighted leadership displayed by the Nordic countries, which gave grounds for hope and bolstered the courage to persevere.

57. Mr. OZADOVSKY (Observer for the Ukrainian Soviet Socialist Republic) said that as a result of the development of political dialogue the foundations were being laid for new and enduring forms of international relations. In that context, the Soviet Union and other socialist countries had taken the initiative in calling for the establishment of a comprehensive system of international security, and the strengthening of confidence and co-operation between all countries on an equal basis, irrespective of their economic systems and social structure.

58. Underlying that approach were the principles of new political thinking arising out of an objective assessment of the contemporary world and the desire to achieve a just balance between the interests of all countries. That thinking reflected the acute need for radical changes for the better at world level and the necessity for sober scrutiny of the realities of a world which, in spite of all its contradictions, was completely interdependent. Advances in the field of nuclear disarmament, which until recently had seemed impracticable, had become realities and had found their first practical application with the ratification of the Treaty on the Elimination of Intermediate-range and Shorter-range Missiles. The Summit Meeting in Moscow between the Soviet Union and the United States had confirmed the

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[6] See 18th meeting, footnote 1.

reality of the continuing process of nuclear disarmament.

59. Against that political background, and at a time when the necessity for change was so clearly recognized throughout the world, favourable conditions existed for imparting new impetus to the development of equitable commercial, economic, scientific and technical co-operation, the fields which were the direct responsibility of the Council. As the report of the Secretary-General entitled "Main research findings of the system on major global, economic and social trends, policies and emerging issues" (E/1988/65) rightly pointed out, the world system was characterized by growing interdependence and interlinkages, and that state of affairs had to be constantly borne in mind in all planning and decision-making. Only by joint efforts could the world community overcome such negative trends as the slowdown in economic growth rates, the debt crisis, the exacerbation of social problems, imbalances in the trading and monetary and financial systems, and the lack of stability in key indicators of the world economy, such as exchange and interest rates and commodity prices, whose impact was particularly severe in the developing countries.

60. In order to tackle those tasks, the Council's role, as the co-ordinating body of economic and social activities within the entire United Nations system, needed to be strengthened. The Council should be the forum for the collective preparation of recommendations on ways and means of achieving a just and mutually advantageous settlement of international, economic and social problems. His delegation believed that the Council possessed the necessary authority and mandate to provide the framework for an active search for means of improving the stability and predictability of international, economic relations and eliminating impediments to the achievement of international economic security. The summary of the report of the Secretary-General entitled "Overall socio-economic perspective of the world economy to the year 2000" (E/1988/62) was an important step in that direction. Attempts to look into the future were inevitably problematic, but they had to be made. Such investigations contributed to the early detection of problems and improved the reliability of national socio-economic forecasts. In that connection, his delegation had noted with interest the views expressed by the Secretary-General (18th meeting) and the ideas contained in the report by the Chairmen of CPC and ACC on the twenty-third series of joint meetings of the two Committees (E/1988/79), the agenda of which contained the following item: "Response of the United Nations system to development problems, with special attention to the implementation of the United Nations Programme of Action for African Economic Recovery and Development 1986-1990".

61. His country fully supported the conclusions of the International Conference on the Relationship between Disarmament and Development, which reflected the wish of the majority of States that scientific and technological development should be applied to peaceful purposes, particularly for assistance to the developing countries. As the summary of the Secretary-General's report stated, "Genuine progress on disarmament as a result of a lessening of political tensions would release extensive resources for civilian uses" (E/1988/62, para. 133 (*b*)). The Council could consider, at its current session, how to do so. The diversion of resources to peaceful purposes would require the most careful planning, and any draft convention would require careful groundwork based on all technological, economic and social aspects.

62. His delegation endorsed the call for broader regional co-operation under United Nations auspices with a view to solving regional socio-economic problems and promoting universal dialogue at the world level in order to improve economic relations. The regional economic commissions had a major role in that regard. ECE, of which his country was an active member, was a unique forum for dealing with practical issues relating to trade, economic, scientific and technological co-operation among countries of differing social and economic systems, including the implementation of agreements under the "second basket" of the Final Act of the Conference on Security and Co-operation in Europe. The year 1987 had not been an easy one for ECE. It had carried out a great deal of work in reappraising its functions, structure, programmes and purposes, including efforts to rationalize its budget, in accordance with the General Assembly's decisions on the reorganization of the United Nations intergovernmental machinery in the economic and social fields. The results had been unanimously approved at the special session of ECE held in November 1987.

63. His delegation welcomed the decisions taken at ECE's forty-third session, including the texts of an all-European nature such as the Overall Economic Perspective to the Year 2000 and the Regional Strategy for Environmental Protection and Rational Use of Natural Resources in ECE Member Countries Covering the Period up to the Year 2000 and Beyond.

64. Ecological damage posed a serious threat to socio-economic development. The need for steps to protect the world's natural resources was closely connected to the issues of world peace, disarmament and development. International, regional and national efforts should be concerted, with UNEP as the main co-ordinating body, in a global strategy for environmental protection and the rational use of natural resources. His delegation supported the initiative of the Executive Director of UNEP in organizing a meeting of experts with a view to preparing a draft convention on that subject. Experience pointed to the need for a multidisciplinary approach and enhanced co-ordination throughout the United Nations system. UNEP's work in developing a system-wide medium-term programme on the environment for the period 1990-1995 deserved support. His country supported the recommendation by the 79th Interparliamentary Conference that 1992 should be proclaimed the International Year for Protection of the Biosphere.

65. The seventh session of the United Nations Conference on Trade and Development had been marked by the recognition by the majority of participan of the organization's value as a principal forum for reaching mutually advantageous agreements to solve word economic and trade problems. The Final Act should enhance international co-operation to build a more equitable and stable world economy and promote trade liberalization. UNCTAD could also play a major role in the transfer of resources.

66. His country supported the Secretary-General's efforts to ensure a United Nations system contribution to efforts to deal with grave world issues, including the developing countries' serious economic difficulties. Bodies such as UNDP, UNESCO, UNICEF and UNIDO should be more involved in economic and humanitarian assistance to Afghanistan. The Secretary-General and the Co-ordinator for United Nations Humanitarian and Economic Assistance Programmes relating to Afghanistan should collaborate closely with the Afghan Government in mobilizing international assistance.

67. At the recent nineteenth All-Union Conference of the Communist Party of the Soviet Union, at which important resolutions had been adopted, many proposals were discussed relating to the Soviet Union's economic transformation, reform of the political system and further democratization of Soviet society. In the Ukraine, as in the entire Soviet Union, unprecedented efforts were continuing on a broad front to enhance the quality of social conditions. The strategy had two aims: democratization of all spheres of social life, and radical economic reform.

68. Since the beginning of the Ukrainian SSR's current Five Year Plan in 1986, the results had justified the course adopted for accelerated socio-economic development. Higher growth rates and productivty had been achieved without an increase in the labour force. Enterprises and organizations based on economic accountability and self-financing were having a growing influence on the pace and quality of economic development. They currently accounted for some 60 per cent of the Republic's overall industrial output. Many of the Republic's enterprises dealing with foreign trade were allowed to enter into direct export and import dealings with businesses and undertakings in the socialist, market-economy and developing countries, including independent decision-taking on co-operation in manufacturing, science and technology. His country favoured enhanced international co-operation on the basis of equity, mutual advantage, trust, and strict observance of undertakings and hoped the Council would be able to reach agreement on constructive measures to tackle the world's economic and social problems.

69. Mr. VRATUSA (International Center for Public Enterprises in Developing Countries) commented that although the Center was interested in the efficiency of the public, private and co-operative sectors, it paid special attention to public sector enterprises. On the micro level, the Center was concerned with all aspects of production relations, in particular individual and collective motiviation and accountability. The Center's major priority was human resource development with a view to individual and collective entrepreneurship and participative management development.

70. On the macro level, the Center's main interest was the impact of macro-economic policies on the performance of public enterprises and vice versa. The aim was to remove all barriers to effective public enterprise management from legislation concerning the sector and to develop instruments of democratic control. At the same time professional competence and co-ordination in finance, planning and sectoral ministries needed to be strengthened and public enterprise managers should be involved in planning. Continuing study of the role of the market in national economies was also important.

71. The Center co-operated with similar national and international institutions, including United Nations specialized agencies. Its activities included training, consultancy, publications and the exchange of ideas and experience.

72. In the Center's view, decentralization through democratization made it possible to bring decision-making closer to enterprise management and workers and reduce the role of the State to decisions of strategic importance. Human resource management programmes were designed to provide assistance through performance evaluation, internal information systems, monitoring and incentive schemes.

73. In the consultancy field the Center was undertaking a project for the Bolivian Government to build up an information control system for public enterprises. The Center's OPTIMA methodology was being implemented in many developing countries, including some least developed countries. OPTIMA seminars to develop entrepreneurship and initiate small- and medium-scale activities were to be held in three member countries. The Center had completed a UNDP/ILO consultancy project in the Seychelles to build up management training capabilities. A number of developing countries had already expressed interest in such projects. A three-year project to improve food and agricultural marketing enterprises in sub-Saharan Africa had been entrusted to the Center by UNDP.

74. Mr. STERN (World Federation of Trade Unions) said that WFTU was deeply concerned by the spread of economic insecurity and the unemployment, underemployment and poverty it brought in its train. The workers were the first victims of underdevelopment and of crises in developing and developed countries alike. At a recent conference in Paris, the world's trade unions had called for international economic security as a step towards the establishment of a new international economic order.

75. The prospects of successfully tackling world problems were greater than ever. There was a welcome trend towards détente and peace and the ratification of the Treaty on the Elimination of Intermediate-range and Shorter-range Missiles between the Soviet Union

and the United States opened the door to the possible destruction of all nuclear weapons, the conversion of the arms industry and the release of resources for development and social progress.

76. Development was not an abstract notion. It should be a concrete and speedy response to the economic and social needs of the many crisis-ridden countries. Disequilibria in economic relations dominated international life and ran counter to the principle of mutual advantage.

77. Equality in trade relations was a priority goal and called for far-reaching changes in international pricing structures and monetary and financial relations and the removal of all unjustified barriers to co-operation and trade. The rational use of natural resources and protection of the environment were also urgent tasks requiring regional and world co-ordination, substantial financial resources and the curbing of predatory exploitation.

78. The attainment of world economic security would involve the redirection of available resources towards development. It would demand constructive, mutually advantageous co-operation and the removal of obstacles to growth. Productive co-operation between firms and nations was one way to counter deflationary adjustment problems and open expanded markets on the basis of mutual interests. Co-operation should extend to the new technologies, which would require the removal of obstacles such as discrimination against socialist countries and the exclusion of developing countries. International financial and monetary relations would have to be restructured. Commodity prices should be stabilized and the external debt of developing countries cancelled.

79. The deterioration of social welfare, job protection and health was disquieting. The entire fabric of social safeguards was being threatened by an exclusively pecuniary approach. Social welfare was a principle embodied in the Universal Declaration of Human Rights and should be upheld. To do so, a fund could be established out of savings from military budgets and part of the interest payments to IMF and the World Bank. Profits from stock market and other financial speculation could also be used and transnational corporations should be required to invest some of their enormous profits for social purposes in the countries where they were earned.

80. Mr. ROBEL (World Confederation of Labour) said that United Nations development policies and strategies had not attained their objective. A lack of political will on the part of the great Powers had frustrated negotiations for the establishment of a new international economic order and had led to the failure of the North-South dialogue. The economic slowdown in the industrialized countries had had serious repercussions on economic and social conditions, in the poor countries especially. The list of least developed countries was growing and the gap between rich and poor continued to increase, both within countries and between the industrialized and the underdeveloped world. Despite advances in technical co-operation, the general problem of development continued to be of grave concern. Co-operation had not been truly beneficial to the recipients because of a failure to match it to the economic, social and cultural conditions in the various countries and also because of insufficient resources. The types of assistance and the system of distributing financial resources seemed to be designed basically to maintain a level of subsistence in the poorest countries and a level of consumption of technology in countries possessing natural resources. The development model had resulted in structures that were unfavourable to most of the peoples of the third world. The developing countries as a whole found themselves increasingly a part of the productive system of the industrialized countries, whose multinational corporations remained the chief agents of internationalization. The dependence of the developing countries on external factors, the North's deflationary policies, the deterioration of the terms of trade, increasing protectionism, rising energy prices, difficulty of access to some sources of credit, the current operation of the international monetary and financial system, poor national policies, capital flight and expenditure on arms and prestige projects had contributed to and inflated the foreign debt of the third world countries. The global volume of indebtedness continued to increase and much of the debtor countries' export earnings were used to meet their financial obligations, leaving them net exporters of financial resources.

81. The commercial banks, IMF and the developed countries had a central role in the debt crisis. Loans were frequently short-term and at high interest rates. For futher loans or rescheduling, IMF had imposed strict adjustment and stabilization programmes with a disastrous impact on prospects of economic growth, income distribution and the standard of living of the people. In a recent report, IMF recognized that, although such adjustments had benefited dominant groups, they had sharply worsened the living conditions of the great majority of the people. The workers of the debtor countries had borne the weight of adjustment in the form of wage cuts, currency devaluation, rising prices and job losses. The other parties, the commercial banks, and the OECD countries, particularly those countries which for domestic reasons had raised interest rates, such as the United States, were untouched.

82. The debt problem was the most visible and dramatic expression of international injustice and dependency. The WCL therefore reiterated its call for a United Nations conference at the highest political level, with the participation of labour organizations, to deal with the overall problem. A solution would involve measures appropriate to the various debtor countries and categories of debt, the selective and progressive cancellation of all or part of the debt, and a lowering of interest rates on the rest; the establishment of a multilateral system for restructuring short-term, high-cost commercial debt so that conditions were adjusted to the capacity of developing countries to pay; and an increase in ODA on liberal terms, *inter alia* through an increase in the capital of the World Bank. Regarding IMF, the WCL proposed that loan terms should be amended so as to promote balance-of-payments ad-

justments through policies oriented towards growth and job creation; that new arrangements should be made to provide more support and a longer time for repayment to countries in difficulties so that development was not held back; that new rules should be established for co-operation between IMF and central banks so as to prevent the flight of capital; that Governments should be under an obligation to consult the trade union movement about their adjustment policies; that IMF should be encouraged to seek the advice of trade union representatives at the national, regional and international levels; and that permanent co-operation should be established between IMF and ILO on the social aspects of economic and monetary policies. Various measures had been recommended at the Toronto Summit Meeting for alleviating the debt burden of the poorest countries. Though inadequate, they were a relative advance towards solving the debt problem, but the operation would be difficult to put into effect and would not benefit all those in need of it.

83. New efforts should also be made to set up an international economic order in which all countries would have the same rights, and to make profound changes in the current economic and financial system, including reform of the monetary system, the improvement of commodity prices, the outlawing of protectionism, and assistance to enable the developing countries to escape from their traditional role of suppliers of raw materials, and build a national economy making full use of their own wealth. Political will was needed, as well as increased co-operation between rich and poor countries and between the developing countries. A special effort should be made on behalf of the least developed countries and the United Nations Programme of Action for African Economic Recovery and Development to complement the efforts of the countries themselves.

84. At the national level, development programmes and policies must be determined and carried out democratically with the participation of the workers and their organizations. Such policies must respond to the real needs of the population, particularly the disadvantaged, and should give due weight to questions of employment, income, the social welfare of the masses, and respect for human rights and fundamental freedoms.

85. Mr. PIEDRA (United States of America), speaking in exercise of the right of reply, said that the sanctions referred to by the representative of Panama (25th meeting) had been requested by the legitimate Government of Panama. The United States sought to support the Panamanians' efforts to re-establish a civilian constitutional government. To blame the United States for Panama's problems, particularly the gross mishandling of its economy, was ludicrous and not the first attempt by the representatives of a military régime to use the United States as a scapegoat. The representative of the dictatorial régime should look more closely at his leader's actions and attitudes, which had not been conducive to economic development and had violated the people's elementary human rights.

86. The United States, while recognizing the adverse effect on Panama's economy of economic sanctions stressed that the blame for the damage lay with Mr. Noriega. Although it did not wish to apply sanctions longer than necessary, it would be a tragic error if a premature lifting of them enabled the Noriega régime to cling to power and frustrate the people's desire to determine its own economic and political destiny. His country had stated its readiness to assist Panama in economic recovery once freedom and the true government had been restored.

87. Mr. VILLARREAL (Panama), speaking in exercise of the right of reply, said that everyone was well aware of the United States efforts to create problems for Panama's political leadership and to confuse world public opinion about what it was doing. As the United States representative well knew, the United States Administration had no desire to fulfil its treaty obligations but simply wished to maintain its military presence in Panama.

88. Mr. PIEDRA (United States of America) deplored the renewed attempt to discredit the United States and whitewash the régime's shortcomings. The Council was a technical forum in which political polemics on behalf of a decadent and outmoded military régime were out of place and hindered progress in dealing with the many important issues on the agenda.

89. The PRESIDENT drew the Council's attention to draft decision E/1988/L.32, under which the Council would endorse CPD's conclusion and recommendation regarding the inclusion of Mozambique in the list of least developed countries, and so recommend to the Assembly at its forty-third session.

90. There being no objection, he took it that the draft decision was adopted.

It was so decided (decision 1988/153).

The meeting rose at 5.55 p.m.

27th meeting

Thursday, 14 July 1988, at 10.10 a.m.

President: Mr. Andrés AGUILAR (Venezuela)

E/1988/SR.27

AGENDA ITEM 2

General discussion of international economic and social policy, including regional and sectoral developments (*continued*)

1. Mr. DE VRIES REILINGH (International Confederation of Free Trade Unions) said that the stagnation of the world economy, which had lasted for almost 10 years, was reflected in a slowing-down, not to say reversal, of development, high unemployment and increased poverty, of which workers in all countries had borne the brunt. In an evermore interdependent world, strong joint government action through international co-operation for development and the expansion of employment was essential. In order to contribute more to world economic expansion, the developing countries needed an ample flow of resources to enable them to accelerate their economic and social development and to import the whole range of goods necessary for their growth. Resumed growth in the industrialized countries depended fundamentally on faster growth in the developing countries and vice versa.

2. While the internationalization of economies had continued to increase, through investment, trade flows and financial movements, the policies of the major economic Powers remained disturbingly unco-ordinated, despite all the promises made at economic summit meetings.

3. In a statement on international co-operation for development, employment and an end to poverty, adopted unanimously at its fourteenth World Congress in March 1988, ICFTU had called for energetic measures and reforms to build a firm basis for international co-operation through the organizations of the United Nations system. The main elements required for improvement in the functioning of the institutions and mechanisms for development co-operation were: a sustained high level of ODA for programmes for the satisfaction of basic needs; a major increase in international support for training and education programmes in the developing countries; a strengthening of infrastructure investment in housing, health care, sanitation, transport, energy and telecommunications; large-scale support for rural development, based on the participation of workers through their own freely-chosen organizations; the encouragement of technology transfer to developing countries; the elaboration of an international plan for development and the environment so as to reverse the dangerous trends towards deforestation, soil degradation, and water and air pollution appearing in many countries; the implementation of an integrated programme for commodities, aimed at ensuring a stable and remunerative level of world prices; a radical reform of the conditions applied by international financial institutions so as to stimulate development strategies; the implementation of the ILO Declaration of Principles on Multinational Enterprises and Social Policy, and the adoption of a United Nations Code of Conduct on transnational corporations and their relations with Governments and trade unions; and the introduction of a social clause in GATT.

4. On the last issue, the ICFTU position was that such a clause, which would link trade and observance of a list of basic ILO standards, would help to prevent cut-throat competition from undermining social conditions. It would contribute significantly to the promotion of an open world trading system, further the improvement of working and social conditions in all countries, and prevent unfair and damaging trading practices, thus contributing to a steady and sustained expansion of world production. ICFTU therefore urged the participants in the Uruguay Round of multilateral trade negotiations to consider establishing a special Working Party to examine ways and means of including such a social clause in the final agreements. It also urged the ILO to strengthen its co-operation with GATT in order to monitor such a clause. From a more general point of view, it would be essential for the ILO to play a much bigger role in the design of social and employment policies, which should be an integral part of any readjustment policy recommended by the international financial institutions.

5. In conclusion, it should be stressed that economic policies must respond to the needs of workers, the unemployed and the poor if they were to stand any chance of success. The lack of social concern displayed by many Governments and some international institutions over a number of years was politically dangerous. The trade unions must therefore be fully involved, at the national and international level, in the process of defining economic and social policy objectives and measures.

6. Mr. RODRIGO (Sri Lanka) said that the world economy remained fragile and was still marked by sluggish growth, large international payments imbalances, and volatile exchange and interest rates. For the developing countries as a whole the outlook was still dark, despite their considerable efforts at adjustment. Their overall growth had slowed in 1987 and many of them faced the risk of prolonged stagnation of real per capita incomes, greater poverty and increased social tension.

7. The debt problem remained at the forefront of international concern. It was clear that, for many developing countries, the problem could not be effec-

tively tackled by means of the traditional rescheduling measures and that a more forceful approach was needed. Important guidelines for the approach to debt and adjustment had already been agreed on by the international community, and many of the initiatives taken in that respect were based on the practical approach called for in the Final Act of the seventh session of the United Nations Conference on Trade and Development.[1] Governments needed to be more active, especially in writing down their loans and encouraging banks to follow suit, and in increasing the flow of ODA. Serious attention should also be given to the proposal for an international facility for debt restructuring.

8. The search for a solution to the wider problem of the growth and development of developing countries also depended in part on expanding the markets for their exports. However, recent trends towards protectionism were hardly propitious. Non-tariff restrictions had been revived and the developing countries bore a disproportionate share of the burden. The Uruguay Round of multilateral trade negotiations therefore assumed particular significance. It was essential that the commitments to standstill and roll-back should be implemented. Furthermore, the progress made in the different negotiating groups had been uneven and was particularly slow in sectors of special concern to developing countries. It was to be hoped, therefore, that the midterm review planned to take place at the ministerial level in December 1988 would help to advance the negotiations in a positive manner.

9. The continuing weakness of commodity prices was another critical issue of international trade in the 1980s. Commodity prices still determined the capacity of the great majority of developing countries to import and service external debt. Policies to reduce the adverse effect of instability in export earnings remained vital. The early entry into force of the Common Fund for Commodities would facilitate the implementation of commodity stabilization arrangements in an integrated manner and would also help in the execution of research, development and diversification programmes. In the case of compensatory financing of fluctuations in export earnings, the new facility envisaged by IMF should help to cover commodity-specific shortfalls.

10. In the period ahead, the multilateral institutions and international economic co-operation would be put increasingly to the test. Given the precarious nature of the current situation, it was imperative to remedy, through co-operation, the prevailing world economic uncertainty and insecurity. The multilateral response to the current economic challenges would in large measure determine the future health and stability of the global economy. Political factors could also be conducive in such an exercise and recent promising international developments were helping to ease political tension, foster the process of disarmament and lead to the settlement of some regional disputes: it was to be hoped that more resources would thus flow to development objectives.

11. On economic affairs, as in the political sphere, greater attention needed to be paid to promoting international dialogue. In that context, his delegation supported the view of the Secretary-General (18th meeting) on the value of summit meetings of the Cancún type. Such meetings, convened on the basis of wider and more representative participation, were needed for a resolute attack on global issues.

12. Mr. SHELDOV (Byelorussian Soviet Socialist Republic) said that a unique process of political dialogue was currently developing throughout the world, to which the socialist countries' constant efforts were making a valuable contribution. The current restructuring of their internal and external policy, which took into account existing realities and the interests of the world community, also played a part in that development. Generally speaking, evidence of a new political attitude was evident throughout the world and it was increasingly accepted that the material base for real security, in other words equal security for all, lay in disarmament and constructive international co-operation aimed at solving the most serious world problems. It had become obvious that it was essential to establish an effective system of international economic security, within which the foundations could be laid for the predictable and stable development of the world economy and international economic relations, the main task of which would be to find a solution to the third world's development crisis.

13. As the *World Economic Survey 1988* (E/1988/50) showed, world economic development was unstable and subject to the negative impact of the heavy indebtedness of the developing countries, wildly fluctuating exchange rates, high trade imbalances and weak balance-of-payments positions, shocks in the world's chief stock markets, reinforced protectionism and other trade restrictions. Moreover, as the report of the Secretary-General entitled "Net transfer of resources from developing to developed countries" (E/1988/64) showed, it was a structural and chronic phenomenon to which the economic bodies of the United Nations would need to pay special attention.

14. In that context, it was clear that the essential theme of the current general discussion was the contribution to be made by the multilateral institutions towards correcting the structural imbalances in the world economy. The activities of those institutions must respond to a larger extent to the imperatives of interdependence and be directed towards fostering universal dialogue and co-operation in the economic field. Those tasks would require a democratization of the specialized agencies' working methods and the interests of all States concerned would have to be taken into account in drawing up rules for international economic relations. The work of the Council and the other organs of the United Nations system must be based on an active search for mutually acceptable solutions to the vast problems posed by the restructuring of international economic relations on a just and equitable basis. In particular, the Council's mandate to co-ordinate the activities of the organs of the United Nations system in the

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[1] See 19th meeting, footnote 1.

social and economic fields must be strengthened with a view to promoting constructive co-operation between the World Bank and IMF.

15. As far as the activities of CDP were concerned, his delegation considered that as an expert body it should devote itself to preparing methodological recommendations on means of improving the reliability of forecasts and models for the world economy, establishing an early warning system for major problems and addressing proposals to the Council on the joint measures that the international community should take to overcome them. CDP should expand its collaboration with the various national and international bodies providing economic forecasts, in particular the specialized agencies of the United Nations system, including IMF and the World Bank. It was also desirable that the Committee should participate actively in the evaluation of the current International Development Strategy and the preparation of a new strategy for the fourth decade.

16. With regard to the summary of the report of the Secretary-General entitled "Overall socio-economic perspective of the world economy to the year 2000" (E/1988/62), he stressed that United Nations work in that field must be oriented towards the application of the principle of "disarmament for development", the search for solutions to the external debt problem and the net flow of financial resources from the developing countries, and the expansion of trading and economic co-operation between countries with different social and economic systems.

17. Turning to the report of the Secretary-General entitled "Indigenous entrepreneurs in economic development" (E/1988/63), he underlined the importance of promoting a creative approach and a spirit of entrepreneurship among the population, as well as improving the level of training of national cadres in developing countries. In that connection, experience showed that in many countries, including some countries with market economies, the State played an increasing role in defining economic policy and priorities and the best possible mix of public, private and co-operative sector activity, taking into account the particular historical, political, economic, social and cultural characteristics of the country concerned.

18. In connection with the report of the Secretary-General entitled "Main research findings of the system on major global economic and social trends, policies and emerging issues" (E/1988/65), his delegation thought the work done on establishing such findings very useful and believed that the United Nations Secretariat should pay increased attention to studying the complex relationships between the social and economic factors of development and co-operation, with a view to finding solutions for current world problems.

19. Regarding the social and economic restructuring programme under way in his country, he noted that the combination of a scientific basis and new realistic approaches gave grounds for expecting positive results which would have a qualitative impact on the country's economic development. The existing momentum had already made it possible over the last two years to achieve an 11 per cent increase in gross social product and net national material income, a 14 per cent rise in volume of industrial output, an 11 per cent increase in labour productivity and a 7 per cent rise in gross agricultural production. The country's foreign trade was also undergoing radical restructuring coupled with intensified economic relations with foreign countries. A number of large firms were engaging in direct transactions with foreign partners and increasingly resorting to joint venture arrangements. That development, aimed at increasing the country's participation in the international division of labour, was part of the effort being made, together with other Governments, to establish a climate of confidence and mutually advantageous and constructive co-operation.

20. Mr. ELAMIN (Sudan) said that his delegation supported the statement made by the Observer for Tunisia on behalf of the Group of 77 (20th meeting).

21. He noted with concern that the world situation had been marked by very poor economic performance, particularly in the developing countries. He drew special attention in that regard to the situation of the sub-Saharan and the least developed countries, where per capita income had fallen constantly throughout the 1980s compared to the two preceding decades. Growth rates in those countries had also slowed, and poverty, often accompanied by famine, had increased considerably. Natural disasters such as desertification, drought and the recent locust plague had added to the economic problems arising from the overall crisis. The impact of the situation on the peoples of the countries affected was increasingly tragic. In the case of the sub-Saharan countries, although the world community had taken and continued to take action to support the efforts made by the countries themselves, the measures taken had to be judged by their results, and the latter, after two years, were hardly encouraging. For that reason the OAU Assembly of Heads of State and Government, at its twenty-first session, had unanimously reaffirmed the priority nature of the United Nations Programme of Action for African Economic Recovery and Development 1986-1990.[2] For the same reason, the International Conference on the Human Dimension of Africa's Economic Recovery and Development had been convened at Khartoum from 5 to 8 March 1988 and had adopted a Declaration[3] which stressed that, since man was the means and the goal of development, he had to be taken into account in all plans implemented in order to solve the continent's grave crisis. The Khartoum Declaration analysed the social cost of adjustment measures and sought to alleviate their negative effects on the most vulnerable members of society. The environment and its relationship with development were also considered in the Declaration. Drought and desertification, to say

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[2] See 23rd meeting, footnote 8.

[3] See 20th meeting, footnote 7.

nothing of locust plagues, were seriously damaging the environment and jeopardizing Africa's development potential. The problems called for priority attention within the framework of efforts to achieve balanced long-term growth. In that connection, he was shocked by the machinations of people who were taking advantage of the situation to dump toxic waste in Africa. A resolution condemning and prohibiting such dumping[4] had been adopted by the Council of Ministers of the OAU at their forty-eighth session, held at Addis Ababa from 19 to 23 May 1988.

22. The continually increasing refugee population, which was a heavy burden on the host countries, also had a bearing on development. In the Sudan's view, the assistance provided should be comprehensive. It should aim to ensure food security, develop agriculture and reclaim the desert, while keeping in mind that the aim in that and all other fields was human well-being and prosperity. The African countries knew that they were primarily responsible for their own development, but if they were to succeed, their efforts must have the backing of the international community.

23. Mr. ESPAÑA-SMITH (Bolivia), referring to developments in international economic and social policy, expressed his support for the statement made by the Observer for Tunisia on behalf of the Group of 77 (20th meeting). It was a discouraging fact that almost everything that had been said about the world economy in 1987 was still true in 1988. The *World Economic Survey 1988* drew attention to the persistence of major obstacles to economic progress in both industrial and developing countries. What was perhaps most surprising, was the discrepancy between the statements of the main industrial countries and the indisputable facts highlighted by many high officials of the various economic and social organizations of the United Nations system. Whereas the latter pointed to negative trends in the world economy, the former found reason for optimism in the positive growth rates, despite their downward trend, the marginal improvements in the debt situation of a few countries and tariff reductions that had been introduced long ago. The representatives of the most powerful industrial nations tried to represent the hesitant and tiny rises in some commodity prices as encouraging signs, overlooking the fact that despite the limited changes for the better the terms of trade were still deteriorating. They also drew comfort from the minimal effect of the October 1987 stock exchange crisis on the economy and the industrial countries' recent efforts to co-ordinate their macro-economic policies. While sharing their views concerning the latter two points, he very much doubted whether the arguments advanced justified their optimism. Even if he had accepted their contentions, the finding that the situation in the industrial countries, with their dominant position in the world economy, was satisfactory did not alter the fact that hundreds of millions of people were still living in conditions of underdevelopment, many of them in extreme poverty. That reality was the central problem the Council was in duty bound to consider and, through joint efforts, remedy.

24. World statistics, in whatever field, had to be interpreted with great caution. That was particularly true when they were being used to assess the state of the world economy, since a few countries had very great weight in world growth statistics whereas the majority of Member States of the United Nations system carried virtually no weight at all. For example, if the GDP of a country such as Bolivia fell by 50 per cent, global GDP would fall by only 0.00002 per cent. It was easy to picture the devastating and tragic effect such a fall would have on the economy of any country, but it might go completely unnoticed in world statistics. In that connection, he referred to the statement by the Under-Secretary-General for International Economic and Social Affairs (19th meeting), in which he had spoken of his department's work on the evaluation of the contribution of women to the economy. His delegation welcomed the efforts to secure recognition of the important contribution of women to the development process and was therefore in favour of the proposed revision of the methodology of the United Nations system of national accounts to give due place to the contribution of women. At the same time it was a matter for concern that the revision should not result in overestimates of national production or in mistaken findings about economic growth.

25. With regard to the external debt crisis, the Managing Director of IMF had spoken of the "fatigue" of debtors and creditors (21st meeting). That might explain the slow progress in evolving a better approach to the control of that cancer of the world economy. As debtor and lender countries both recognized that resolution of the problem was in their mutual interest, the search for solutions must continue. Unfortunately the structural reforms introduced to reduce the debt burden, often at very high social cost, had not been supported by the industrial countries either financially or through the opening of markets to developing country exports. There was ample evidence of the lack of realism of recommendations to the developing countries concerning structural readjustment, particularly when they were not backed by financial assistance to ensure successful readjustment. The inadequate financial support by the industrial Powers for the structural reforms undertaken by some developing countries, among them Bolivia, was likely to discourage countries being urged to adopt similar measures. What was worse it led countries that had introduced major structural reforms to question their efficacy and threatened the stability of Governments which had had the courage to adopt them. As the *World Economic Survey 1988* and the World Bank's *World Development Report 1988* rightly pointed out the impact of indebtedness was most serious in the medium and long terms because of the resulting reduction of investment and consequential lower growth of the output needed to provide earnings to service debt.

26. If those consequences were to be averted, a very firm political commitment to resolve the problem would have be made without delay. In that connection, it was

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[4] See A/43/398, annex I, resolution CM/RES.1153 (XLVIII).

encouraging that the highly political aspect of the external debt problem was beginning to be recognized, as was the fact that the problem could not be solved by mere rescheduling, or other book-keeping expedients. The creditor countries should not go on thinking that the problem could be resolved by measures—however commendable in themselves—to help the least developed countries. Innovative plans were needed to provide real relief for the debt burden of all developing countries, particularly the relatively least developed. The Economic Declaration[5] by the group of seven major industrialized countries at the Summit Meeting held in Toronto from 19 to 21 June 1988 and the strengthening of international financial institutions demonstrated the progress that could be made when the political nature of the problem was recognized. The introduction of innovative financial devices to reduce commercial debts was also a sign of progress. With the assistance of bilateral donors, Bolivia had been able to redeem a significant part of its debt through the use of the new devices.

27. With regard to the problem of international trade, he had been greatly impressed by the tariff reductions announced by several developed countries. It would however, be naïve to believe that the reductions would be sufficient to create an acceptable open trading environment. Experience had shown that trade expansion was prevented by other measures producing even greater distortions, such as subsidies, restrictive licensing procedures, "grey area" measures and the like, which were real obstacles to trade and had led the Secretary-General to say, in his report entitled "Main research findings of the system on global economic and social trends, policies and emerging issues", that all studies had shown that "the growth of the world economy had been found to be slowing down ever the past 20 years" (E/1988/65, para. 6). Those obstacles should be removed during the Uruguay Round so that international trade could function as the engine of economic growth. Bolivia believed in the value of a free, open and competitive trading system and based its own trade policy on those criteria. It recognized GATT's fundamental role and intended to accede to the General Agreement. The commodity situation was also a serious drag on trade expansion. The fall in commodity prices and market instability stemmed from a number of causes. They included the damaging effects of substitution as a result of technological change, as well as the self-sufficiency policies of some industrial countries which used subsidies and other protectionist measures to enable them to produce at home items that had traditionally been supplied by developing countries. Unfair competition of that kind had resulted in even less favourable trade conditions for many countries, including Bolivia. International co-operation in commodity matters tended to be effected through "study groups", which maintained contacts between producers and consumers but could do little to stabilize prices and markets. In Bolivia's view, the commodity problem should be the subject of a new approach on the basis of genuine and effective international co-operation going well beyond the exchange of statistics. The natural response to the commodity situation was diversification. As the *Survey* showed, diversification was taking place in Latin America, where commodities accounted for less than one fifth of non-oil exports as against one quarter in 1980. Despite that change the terms of trade continued to deteriorate.

28. The collapse of commodity prices had been particularly marked in the case of tin, which had fallen from $5.32 to $2.56 per fine pound on a single day in October 1985. The consequences of the collapse had been catastrophic for the Bolivian economy, and besides affecting export earnings had had a social impact as a great many mines had been forced to close, thus increasing unemployment. The market collapse had occurred, a few months after Bolivia had embarked on a structural adjustment programme. Even so, the programme had helped to slow down hyperinflation, which had reached 24,000 per cent in 1985. It had been possible to stabilize the economy with an inflation level of 10 per cent since 1986 and to achieve a positive growth rate for the first time in five years. The social cost had, however, been high. Unemployment stood at about 20 per cent, wage levels were very low, and people's health and education needs could not be properly satisfied. The fact had to be recognized that developing countries could not adopt adjustment measures in isolation relying solely on national efforts, which were likely to be frustrated if they were not backed by strong external financial support.

29. His delegation welcomed the idea of "adjustment with a human face", introduced by the UNICEF secretariat, and the growing recognition of the inescapable need to shield the most vulnerable sectors from the impact of economic adjustment. Bolivia was successfully carrying out a programme to mitigate the effects of adjustment measures on the most underprivileged. The main aim of the programme, known as the Emergency Social Fund, was to create temporary jobs. Because of the results obtained, it had been supported by a number of countries and institutions and by the World Bank. Assistance to small-scale entrepreneurs was an important part of the programme. Identification of local entrepreneurship as the engine of development deserved greater attention, particularly in the light of the great diversity of growth trends in the developing countries noted by the Secretary-General (18th meeting). In many developing countries there were already indigenous entrepreneurs, often concealed under the label of the "parallel economy" and statistics of underemployment. Self-employed farmers, as the Administrator of UNDP had noted (19th meeting), accounted for a large part of the private sector in developing countries.

30. In his view, the new International Development Strategy for the Fourth United Nations Development Decade was necessary because the situation of the developing countries would be different, during the years ahead and economic interdependence would be increased. A further reason was the failure of earlier

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[5] A/43/435, annex I.

strategies to achieve the expected results, not because of the strategies themselves but because of non-observance of commitments. Efforts to find a solution to the current crisis must be based on the principles of co-operation and shared sacrifice and should be based on the Final Act of the seventh session of the United Nations Conference on Trade and Development. It would also be necessary to set up machinery to monitor implementation of the new strategy and ensure that it was constantly updated.

31. Mr. SENE (Observer for Senegal) said that, as the end of the twentieth century approached, mankind stood at a veritable turning-point in its history. Never had inequalities in the distribution of wealth and scientific and technological potential been so glaring, and never had awareness of them been so acute. Nations now had a clearer perception of the interdependence of the world and of the necessity for the establishment of a new order that would remedy the ills of the contemporary world. It was in the light of those two insights—of a changing world and of the need for solidarity—that the problem of international development co-operation must be viewed.

32. Persisting uncertainties and weak growth continued to darken medium-term prospects for the world economy. They would remain precarious until the budgetary and current-account imbalances of the market economy developed countries had been reduced, and so long as exchange and interest rates continued to be unstable. Other variables, such as movements in commodity prices, rising protectionism or expansion of world trade, and the increasing of net capital flows to the developing countries must also be taken into consideration. Multilateral measures must be continued and intensified to correct structural imbalances in the world economy in order to lighten the intolerable external debt burden of developing countries.

33. Many of them, including the African countries, had launched economic reform programmes in co-operation with the World Bank and IMF. There was, however, no guarantee that the developing countries would have the necessary resources to carry through programmes whose success largely depended on the stability of the macro-economic environment. Population increases, environmental degradation, natural disasters, desertification, falling productivity, rising unemployment and the decline in real earnings had made such problems as poverty, malnutrition, political instability and the plight of young people even more acute. The heavily indebted countries were in consequence often obliged to abandon investment, cut public expenditure and subject their national economies to deflationary contraction following structural adjustment.

34. On the topic of African debt, provision should be made, as proposed in CDP's report (E/1988/16), for a multi-year moratorium on interest and principal payments on public and publicly guaranteed debts, combined with highly concessional interest rates on the rescheduled debts of low-income countries. With regard to private debt, including that of middle-income countries, the World Bank's report indicated that the emergence of new financial arrangements and techniques would make it possible to combine the injection of fresh money with a reduction in the debt burden. As far as the countries of Africa, Asia and Latin America were concerned, however, nothing could replace more appropriate economic policies and a lasting resumption of growth by the industrialized countries. The reduction of net resource transfers from the poorest to the richest countries was an essential preliminary to the recovery process because of its effect on the volume of investment. Inadequate investment rates, which had declined continuously since 1980, accounted for the failure of the programme of the Transport and Communications Decade in Africa to achieve its objectives, as stated by the Secretary-General in his report (E/1988/54). In view of the exceptional importance of the transport and communications sector in any economic integration exercise, the recommendation made at the 14th meeting of the Conference of African Ministers of Transport, Communications and Planning that a second decade should be held in the period from 1991 to 2000 deserved full support (E/1988/37, chap. IV, resolution 639 (XXIII)).

35. Turning to the Decade for the Industrial Development of Africa, he said that the report of ECA pointed out that the manufacturing sector had been particularly severely affected in 1987 by the shortage of foreign exchange for the purchase of such inputs as raw materials, machinery and spare parts. African agriculture had suffered mainly from production and transport difficulties and weak demand. The United Nations Programme of Action for African Economic Recovery and Development 1986-1990 gave priority to agriculture in the key sector of economic recovery, linked to supporting sectors such as industry and transport. IFAD and FAO should have increased resources in order to support self-sufficiency and food security efforts. He considered the GATT negotiations on trade liberalization for agricultural and tropical products very hopeful. The value of the contribution of the GATT mechanisms to international trade deserved to be recognized.

36. The Final Act of the seventh session of the United Nations Conference on Trade and Development marked a decisive stage in the revitalization and strengthening of multilateral co-operation. Application of the principles of common interests, equality, non-discrimination and collective responsibility could give fresh impetus to multilateral development co-operation. In that connection, the participants in the Toronto Summit Meeting had discussed issues relating to improving the international economic environment and achieving a long-term structural balance. No recovery or development was possible in an uncertain and unstable world unless there was greater co-ordination of fiscal, monetary and trade policies.

37. His delegation supported the proposal made by the Observer for Tunisia on behalf of the Group of 77 (20th meeting) to initiate consultations on preparations in the General Assembly for a special session to adopt a

new international development strategy. It was essential that dialogue should be resumed promptly in order to improve North-South economic relations, for negotiation was the only way of bringing about the desired changes. The special session would facilitate the search for positive solutions to the shared problems of mankind within a United Nations framework. His delegation also supported the Secretary-General's suggestion (18th meeting) about the possibility of holding a ministerial meeting of the Council to discuss major issues.

38. The new international development strategy should be built around effective programmes, particularly in the fields of education, health, employment, telecommunications, disarmament, the commodity market, trade liberalization, resource mobilization and the alleviation of poverty. Mankind certainly possessed the necessary resources and means to achieve the global targets it had set itself since the foundation of the United Nations and to prepare for the next millennium by building a more prosperous, more fraternal and more united world.

39. With regard to the report of the Special Commission of the Economic and Social Council on the In-depth Study of the United Nations Intergovernmental Structure and Functions in the Economic and Social Fields (E/1988/75), his delegation recognized the need to rationalize and restructure the United Nations in order to improve its functioning and working methods. Looking beyond the financial crisis, it should never be forgotten that the United Nations was the unique forum for the discussion of all world problems and to seek solutions that were in the interests of humanity as a whole.

40. Mr. GETACHEW (Observer for Ethiopia) supported the proposal made on behalf of the Group of 77 by the Observer for Tunisia (20th meeting).

41. In spite of some revival of economic activity in the developed countries, the resumption of growth remained one of the major challenges facing the international economic system. Mounting debt, shortfalls in commodity export earnings, rising debt-service obligations and, in the case of many sub-Saharan African countries, natural disasters were major obstacles to the socio-economic development of the developing countries. Only if measures to overcome those basic problems were put into effect would the developing countries be able to embark on sustainable growth and development. Temporary debt-relief measures would only worsen the problem in the long term.

42. The collapse of commodity prices, which accounted for 70 per cent of developing-country exports, was a major source of concern, particularly in view of the likelihood of the downward trend continuing at least in the short and middle terms. On the other hand, steadily increasing import prices of manufactured goods were resulting in a deterioration of the terms of trade of developing countries, with all the negative consequences that implied for their economies. In view of the importance of commodity trade for developing countries, particularly the poorest among them, urgent measures must be taken to diversify their exports of goods and services. In that context, he welcomed the emphasis placed on horizontal and vertical integration of commodity-dependent economies by the Secretary-General (18th meeting), the Under-Secretary-General for the Department of International Economic and Social Affairs (19th meeting), and the representative of Greece, speaking on behalf of EEC (*ibid.*). He noted that the seven major industrialized countries had undertaken at their Summit Meeting, held in Venice from 8 to 10 June 1987, to assist developing countries to diversify their economies, and the Final Act of the seventh session of the United Nations Conference on Trade and Development called for an increase in financial resources to assist developing countries in that respect. His delegation urged the developed countries and international financial institutions to translate those commitments into actions. It was concerned about the meagre resources envisaged for the Common Fund for Commodities and considered additional funding an imperative necessity.

43. According to the *World Economic Survey 1988*, trade among developing countries had increased from 23 per cent of total exports in 1975 to 30 per cent in 1985. While that was an encouraging achievement, it reflected the performance of a few newly industrialized countries, which pointed to the need for more concerted political and economic action to create a more broadly-based production structure and diversification. The fact that their export products were often similar restricted opportunities for significant economic transactions among developing countries. That was another fundamental reason for moving in the direction of horizontal and vertical diversification.

44. The plight of the least developed countries was increasingly desperate. The Substantial New Programme of Action adopted in Paris in 1981[6] to ensure a minimum acceptable level of basic consumption, health and education had fallen far short of expectations. The deteriorating situation was aggravated by such factors as population growth, degradation of the environment, desertification and natural disasters. His delegation was looking forward eagerly to the Second United Nations Conference on the Least Developed Countries, to be held in 1990, and hoped that the adoption of a concrete programme would help to transform their economic and social situation.

45. In Ethiopia, the implementation of the national development plan was making progress in spite of the country's many difficulties. The strategy of the 10 year plan (1983/1984 to 1993/1994) was based primarily on the development of agriculture. High priority was given to rural development projects aimed at increasing productivity, and long-term measures were being taken to deal with drought and desertification. The targets in the plan had not, however, been fully achieved owing to frequent periods of drought and the influx of refugees. In April and May 1988, nearly 2 million people had been assisted in northern Ethiopia alone. Shelter had been

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[6] See 24th meeting, footnote 8.

provided and food stocks built up in critical areas for the relief of displaced persons.

46. The building-up of an institutional capability for managing relief assistance and for drought control had to a great extent averted the recurrence of the catastrophic situation of 1985 and 1986, and permitted the prompt mobilization of internal and external relief assistance.

47. On behalf of his Government, he thanked the international community for its generous response to appeals to alleviate the distress of large numbers of Ethiopians.

48. Mr. DE ROJAS (Venezuela) said that, in his view the Council's priority task was to consider the question of the multilateral response to the structural imbalances in the world economy, particularly in the light of its repercussions on the growth of the developing countries. He had noted with satisfaction that many speakers had already touched on that question. On the other hand, he was somewhat disappointed at what he felt to be the excessive stress placed on negotiation of the policies of the "major Powers" at their summit meetings; such an approach suggested that the participation of the international community as a whole in the consideration of questions that directly affected all countries was being relegated to the background. His delegation felt that it was appropriate, and even necessary, not only to find a response to those imbalances and their repercussions, but also to undertake a continuing, action-oriented in-depth analysis of those phenomena; the United Nations system as a whole would participate in the analysis, while the Council, in accordance with the Charter, should play the role of co-ordinator, harmonizer and promoter of policies and initiatives.

49. The *World Economic Survey 1988* painted a very clear picture of the current international economic situation. In order to improve that situation it was necessary not only to adopt contingency measures to reduce the uncertainty and imbalances, but also to undertake a structural reform of the world economic system, in order that the whole of the international community might play a genuine and equitable part in it. The developing countries had unfortunately noted that the developed world appeared to be satisfied with the current situation, judging from the communiqués published after the Toronto Summit Meeting, for example, where the main problems of the international economy which concerned all countries had apparently been subjected to an analysis that was, to say the least, incomplete. That had in fact recently been stated by the Ministers for Foreign Affairs of the Latin American countries members of the Permanent Mechanism for Consultation and Concerted Political Action at their meeting at Oaxaca (Mexico) in June.

50. As his delegation had already stated in the United Nations and elsewhere, for some time enormous efforts had been made to justify a so-called "neo-classical liberal renaissance" in the world economy and persuade the developing countries that the free operation of the market represented the solution to practically all problems. The supporters of that new international *laissez-faire* seemed to forget that, in their own developed economies, the myth of pure economic liberalism had long been abandoned and that recognition had been given to the need for action to ensure equality of opportunity and equity, precisely because the system was not one of "perfect competition". That was exactly what the developing countries intended to do at the international level: social justice must be applied between States and not simply within each State. For all those reasons, without wishing to belittle the virtues of individual initiative, free enterprise and fair competition, his delegation considered that the simplistic manner in which that new liberalism was presented internationally was incorrect and inappropriate. It continued to believe that, in the absence of more general negotiations, as called for by the General Assembly, the convening of an international monetary conference for development could serve as a basis for efforts to find new mechanisms for solving the major problems with which the international economic system was confronted.

51. The crisis facing the developing countries as a result of their external debt had merely become more acute and the members of the Council seemed to be unanimous in the view that, in the short and long terms, prospects in that respect were not good, since capital flows to those countries did not appear likely to increase. In fact, those flows had been reversed and it was the net transfer of capital from the developing countries to the developed countries, whose inequity had been denounced for some time, which should grow under the effect of the increase in interest rates, the persistent deterioration in the terms of trade, fluctuations in commodity prices, including oil, and the continuing instability of international trade. It should come as no surprise that, in the developing countries, those phenomena resulted in inflation, unemployment, budget deficits and disequilibrium in the balance of payments. That was a problem of shared responsibility calling for an agreed solution, and the appeal for such a solution had been contained in resolutions adopted for the past two years by the General Assembly and in the Final Act of the seventh session of the United Nations Conference on Trade and Development. At their forthcoming session, the General Assembly and the Trade and Development Board would again have before them that problem of the external debt and the problem of the "interdependence" of financial, monetary and trade questions; at those sessions particular account would have to be taken of the results of the Uruguay Round.

52. It was regrettable that the Council's Special Commission on the In-Depth Study of the United Nations Intergovernmental Structure and Functions in the Economic and Social Fields (E/1988/75) should have concluded its initial work without making specific recommendations, despite all the proposals formulated by the Group of 77. The exercise had not, however, been ineffectual since the Special Commission had had to make a timely analysis and evaluation of the functioning of the Council and its subsidiary bodies. That

exercise should be pursued further, and his delegation, for its part, was prepared to continue to play an active part in it. The exercise, in fact, provided an opportunity for the multilateral system to demonstrate that it had enormous resources available for efforts to find a global solution to major current problems. It was essential to strengthen the system's management capacity and, in particular, to strengthen the role of co-ordination, harmonization and promotion which, within the system, had been assigned to the Council.

53. Mr. VARGAS (Observer for Nicaragua) said that, for the seventh consecutive year in most Latin American countries, economic activity had been too weak to withstand the cumulative deterioration in the economic and social situation and that, in most cases, the disequilibrium in the foreign trade balance was prompting those countries to take measures that encouraged recession. Strong inflation was tending to spread and budget deficits were growing. Throughout the region the economy was practically subservient to certain external factors: protectionism, instability of export prices, fluctuation of exchange rates, high interest rates and, above all, indebtedness.

54. The foreign debt was, in fact, considerably restricting the capacity of those countries to import capital goods and intermediate goods, a fact which necessarily affected economic activity and investment. Interest payments constituted a considerable burden on the budget of the State, whether the loans had been contracted by the State itself or by the private sector. In practice, therefore, the public sector could not promote development as it should. Moreover, the budget deficit fuelled inflation.

55. In the trade sector, another fundamental element in the economy of the Latin American countries, one year after the commencement of the Uruguay Round, the overall climate had further deteriorated, and the commitments which had again been made to maintain the *status quo* and dismantle existing barriers had not been put into effect. Despite numerous proclamations in favour of the multilateral trade system, cartels were more numerous, bilateralism was gaining ground and, above all, the agreed principles of non-reciprocity and non-discrimination in trade relations between developed and developing countries were gradually being unilaterally abandoned. Furthermore, some developed countries were now tending to establish a link between trade and the policy pursued by the developing countries with regard to direct foreign investment, the protection of intellectual property, services or labour standards. Increasingly, the generalized system of preferences was losing its general, non-discriminatory and non-reciprocal character; similarly, developing countries were being subjected to economic and trade sanctions on grounds unrelated to the economy. Admittedly, at the technical level, multilateral trade negotiations had made progress, but for many important negotiating groups, the questions to be negotiated had still to be determined and a negotiating basis had still to be found. Moreover, in many sectors of close concern to the developing countries, progress had been nil, for example, with regard to agriculture and tropical products.

56. The questions of protectionism, structural adjustment and liberalization of trade were intimately linked with the broader aspects of the economic climate, in particular its monetary and financial aspects. But financial flows to the developing countries had stagnated or diminished. Furthermore, no long-term strategy had been devised to solve the debt crisis, which was shaking the very foundations of the international financial and monetary system. Exchange rates continued to fluctuate widely, interest rates were still high and commodity prices were steadily falling, without any serious attempt directly or indirectly to stabilize the markets for those products. The developing countries were being obliged to limit their imports, to produce more for export and thus to become exporters of large quantities of capital.

57. Certain other external variables of crucial importance for the economies of the Latin American countries were no more favourable. Thus, in the developed countries, there were still serious trade and budgetary imbalances for which no rapid remedy appeared likely. The stock markets were reflecting that uncertainty in the international economy, and that was liable to depress global demand and hence the level of economic activity. Inflation was in danger of flaring up again in certain major developed countries; that would inevitably have an effect on the whole of the international economy and the economic policy of the industrialized countries. He therefore supported the appeal made by the Secretary-General (18th meeting) for a resumption of the multilateral political dialogue at the highest level.

58. The great majority of developing countries shared those concerns, especially since they had noted that in Africa, Asia and Latin America poverty was spreading as a result of the crisis. As to Nicaragua in particular, it had also suffered heavy human and material losses caused by foreign aggression, which the International Court of Justice, in the case relating to military, economic and trade activities directed by the United States against Nicaragua, had described as a violation of the basic standards of international law. He nevertheless remained convinced that innovative international co-operation would enable the current challenges to be met.

59. Mr. KUMBU-KI-LUTETE (Zaire) endorsed the statement in which the Observer for Tunisia, speaking on behalf of the Group of 77 (20th meeting), had expressed the developing countries' concern at the imbalances that were disrupting trends in the international economy and at the stagnation of development in most third-world countries. His delegation wished to associate itself with the dialogue which most members of the Council wished to initiate in order to revive international economic co-operation within the context of North-South relations.

60. It was in Africa that development was lagging most; there were no signs of the beginnings of lasting development on that continent. No growth indicator had reached the objectives set in the International

Development Strategy for the Third United Nations Development Decade, and it was in Africa that population growth was the highest in the world. Production was not growing by more than 1 per cent, exports were falling, both in volume and in value, resulting in a permanent, and even growing, deficit in the trade balance, and inflation remained at more than 10 per cent. Moreover, Africa's debt represented about 70 per cent of the value of the GDP or, in other words, the value of three years of exports.

61. However, African leaders were sparing no effort, at the national, subregional and regional levels, to revive growth. In 1985, OAU had adopted Africa's Priority Programme for Economic Recovery in 1986-1990, primarily aimed at the transport and communications sector, whose development was regarded as tactical since it necessarily affected the development of agriculture, which was designated a priority sector. Then the international community, whose support was indispensable for Africa and was duly appreciated, had initiated the United Nations Programme of Action for African Economic Recovery and Development 1986-1990.

62. Zaire, for its part, had also made agriculture the priority sector and had initiated, first, a minimum agricultural programme and then a programme of support for food self-sufficiency, known as the "*politique du ventre*" (belly policy). Since agriculture could not effectively develop unless it was backed by a good highway network, Zaire had set up a national agricultural track and road service. That food policy and the establishment of a highway infrastructure should enable it to reduce its imports of consumer goods and to increase exports of agricultural products, so that eventually it would no longer be exclusively dependent on earnings from commodity exports. The intervention of IFAD should assist it in attaining those objectives. Since the development of transport was of crucial importance for the whole of Africa, his delegation also supported the idea of organizing a second transport decade in Africa and had made an appeal to that effect in the First (Economic) Committee.

63. For the purposes of African recovery and development, the international community must abandon inadequate *ad hoc* financial intervention; it must undertake to make substantial financial resources available to every African country requesting them in order that that country, in the case of Zaire for example, might be able to fulfil its potential. To that end, dialogue must be initiated between the industrialized countries, the international financial institutions, the commercial banks and senior officials in the country in question. Similarly, the international financial institutions, such as IMF and the World Bank, must adapt their practices and their conditions for financial intervention to the realities of the integral development of the countries assisted.

64. Zaire wished to reaffirm its willingness to engage in dialogue with its foreign partners and with the international financial institutions, but it rejected any scheme that would lead to a negative transfer of financial resources; it would repay those of its creditors whose capital transfer to Zaire remained positive. Debtor countries should be required to repay their loans only in the light of the amount of their export earnings, since indebtedness must continue to be capable of promoting the resumption of growth: every country would thus be able to devote 15-20 per cent of its export earnings to repayment of its foreign debt. Moreover, since stable commodity prices would enable the developing countries to place reliance on their export earnings, the effective initiation of the Common Fund for Commodities was an urgent necessity.

65. Structural adjustment would be effective only if it took due account of the particular situation of each country, and it was for the international financial institutions, notably IMF, which had set up new facilities in support of structural adjustment, to give countries the financial resources to meet the social costs of adjustment. In that area, dialogue was preferable to imposed conditions.

The meeting rose at 1.05 p.m.

28th meeting

Thursday, 14 July 1988, at 3.05 p.m.

President: Mr. Andrés AGUILAR (Venezuela)

E/1988/SR.28

AGENDA ITEM 2

General discussion of international economic and social policy, including regional and sectoral developments (*continued*)

ECONOMIC ASPECTS OF THE ROLE OF WOMEN IN DEVELOPMENT

1. Miss BEZEREDI (Canada) said that the tremendous increase in studies in the United Nations and

elsewhere on the role of women in development since the adoption of the Nairobi Forward-Looking Strategies for the Advancement of Women[1] testified to growing world consciousness about the economic role of women. Unfortunately advancement had proceeded slowly. Canada actively supported the strategies and took account of women's needs in its official development programmes—bilateral, multilateral and special. Careful study of women's economic role and contribution would help in measures to improve health services and education opportunities and facilitate women's participation in the local economy.

2. Enhanced global awareness was the key to success. To that end, Canada contributed to the United Nations Development Fund for Women and to the United Nations Trust Fund for Women, and supported United Nations efforts to increase awareness of women in development, as agents and beneficiaries.

3. Annex I of the *World Economic Survey 1988* (E/1988/50) provided a useful statistical snapshot of the situation of women worldwide and was an important step in identifying the formal and informal participation of women in the world economy. As a policy document pointing to future trends and key areas for concerted action, the *Survey* could not ignore the economic aspects of women's involvement in society. As the *study* made clear, women were often invisible contributors to GDP. To improve the livelihood of women, it was essential to go beyond the invisibility and find out more accurately what women did, needed and aspired to, and what the obstacles were. The *Survey*'s statistics were important indicators of women's socio-economic attainment, but more attention should be given to labour market structure and evolution at world and regional levels, differentials in earnings and women's participation in the informal sector. The *Survey* helped to point the way towards resolving the chronic problems of ignorance and poverty, which hit women hard and strangled prospects for growth, development and dignity. Her delegation believed the *Survey* should include a section on the situation and contribution of women in the world economy.

4. Finally, her delegation noted the complementary efforts of the Commission on the Status of Women and ILO relating to women in development, and would continue to work closely with them and with the Secretariat in promoting women's role in the world economy.

5. Mr. DIETZE (German Democratic Republic) said that his country was deeply interested in efforts to implement the recommendations of the Forward-Looking Strategies and concretely supported measures to promote the integration of women into economic and social development. In his country, women were fully integrated into economic and social life. A total of 91.2 per cent of women of working age were employed, undergoing vocational training or studying, and it had been made easier for women to combine work and community duties with those of the family.

6. The decisions of the Commission on the Status of Women at its thirty-second session (see E/1988/15 and Add.1) provided a basis for action by other United Nations bodies. His delegation believed that meetings of experts, such as the planned seminar on women and rural development, would help to solve outstanding questions concerning the comprehensive advancement of women.

7. Although the United Nations had done much to promote the integration of women in development, for example through the system-wide medium-term plan for women and development, the formation of a separate UNDP division on women in development, the world survey on the role of women in development and the widening activities of UNIFEM, no breakthrough had been achieved. Unemployment, malnutrition and poverty were still obstacles to attaining the objectives of the Nairobi Conference.

8. It was a priority task for the Commission on the Status of Women to promote measures to implement the three main objectives of the Nairobi Conference, equality, integration in development and participation in promoting peace and international co-operation. The Council's resolution 1988/18 of 26 May 1988 on programme planning and activities to advance the status of women should be given due consideration by all United Nations bodies and organizations concerned. In that connection, he referred to Council resolution 1988/22 of 26 May 1988, in which the Secretary-General was requested to consolidate his reports to the Commission and the Council in 1989 on measures taken from 1986 to 1988 relating to the Nairobi Strategies in a single document. Along that line United Nations system activities should be co-ordinated through ACC and possibly the joint meetings of ACC/CPC in order to reflect the central role of the Strategies.

9. Mr. PAPADATOS (Greece) said that although the participation of women in economic, social and political life had increased, it was still too small. General Assembly resolution 42/178, of 11 December 1987, initially submitted by Canada and Greece, had asked the *World Economic Survey 1988* to look into the level of economic attainment reached by women worldwide and prepare a brief section analysing relevant economic indicators. To the sponsor's surprise, the section had appeared in an annex to the *Study*, and the analysis, although good, was not exhaustive and lacked focus. It was simply a sophisticated presentation of data.

10. In that connection, the annex argued that the increase in the employment of women was due to a fall in the employment of men. Was it not possible that households were making more rational decisions about who should be working?

11. More information and better analysis were needed in regard to the contribution of women to food production in Africa, if Governments were to succeed in their priority aim of raising food production in the sub-Saharan countries.

12. The analysis showed that in every country women on average earned less than men and the differential had

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[1] See 18th meeting, footnote 6.

not narrowed significantly during the past decade. Obviously the factors contributing to the persistence of the differential should be more closely looked at.

13. The *Survey* differed from reports such as those of IMF, UNCTAD and the World Bank in that it was prepared under a mandate of the General Assembly and reflected the concerns expressed by delegations in the Assembly and Council. Any global socio-economic issue, such as that under discussion, should be of particular concern to the *Survey*.

14. His delegation, together with the Bulgarian and Canadian delegations, would shortly introduce a draft resolution on the subject.

15. Mr. CAHILL (United States of America) said it was important that women should gain more recognition, rewards and participation in economic, social and political spheres. Progress made to that end throughout the world had not been enough, for example in remuneration and responsibility. Women's tremendous talent and capacity should be recognized. In that regard, annex I to the *World Economic Survey 1988* could be more qualitative; for example, the reason adduced for the rising percentage of women in the work force was misleading, failing to take account of the undoubted factor of their inherent talent.

16. All nations could learn from others in the global community. For example, in the socialist countries of Eastern Europe some 70 per cent of doctors had been women at a time when the figure in the United States had been only 3 per cent; a great deal could be learnt from the nations of Western Europe in the running of day care centres; and South Asia, particularly India and Sri Lanka, had led the world in women's attainment of the highest political office. The United Nations could help greatly in promoting exchanges of experience, in order to show in what fields progress could be made. Subsequent action could be threefold: government regulations and policies; education to overcome prejudice; and information collection and distribution by the United Nations. His delegation would strongly support the last-named in order to promote understanding, identify problems, reveal unfairness and imbalance and promote corrective action.

17. Much had been said in the General Assembly and the Council about ways to promote economic growth. One of the greatest engines of growth throughout the world would be the contribution of women once their potential was fully realized.

18. Dame Ruth BARROW (Observer for Barbados) said that the difficulties encountered in arriving at the current discussion clearly pointed to the need for additional analytical research from new perspectives, given the importance of a full understanding of the contribution and potential contribution of women.

19. In periods of economic hardship and structural adjustment, women were among the first to suffer. Their condition must be further investigated and documented to allow the full dimensions of the crisis facing the developing countries to be understood and addressed. All too often, the contribution of women to economic activity was undervalued. First, much of that contribution was in the comparatively unstructured informal sector of the economy, which did not often attract analysis. Secondly, the statistical tools of analysis were inadequate to gauge women's real contribution to economic development, which often could not be reduced to quantifiable terms. A more open-minded approach needed to be taken to research on the role of women.

20. Her delegation appreciated the efforts of the Secretariat to shed light on the issue. She regretted, however, that annex I to the *World Economic Survey 1988*, while adding to the body of available information, was not as detailed or innovative as she had hoped, although it was a useful start. One interesting conclusion that could be drawn from it was the critical importance of education. If women's role in economic activity was to be enhanced in the future, they must be equipped with the necessary skills, a fact emphasized by the increased importance of services in the world economy and the concentration of women in that area. It was critical that women as a group should gain access to educational opportunities which could enhance their competitive position in respect of higher-level positions in all areas of service-oriented economic activity. That would require changes in attitudes, in industrialized as well as developing countries, which impeded the access of women to the highest levels of education, as well as the provision of the necessary financial support.

21. The importance of detailed, up-to-date, analytical information on the role of women in development could not be over-emphasized. It was the necessary starting point for action to enhance the status of women and, specifically, their role in economic development. Studies of that kind had been specifically called for by Member States in the Nairobi Strategies. However, something more was necessary; women should be involved not only in the design but in the actual preparation of such studies. It was equally vital that women should be actively involved in the design and implementation of any policies relating to their involvement in economic development. Such participation had often been lacking in the past. A study of women's achievements during the Decade showed that, although progress had been made in some areas, the largest gap was in the area of policy-making, as women themselves had found. There was no better way to maximize the impact of policies to enhance the role of women in economic development than by involving women, the people most affected. In future, greater attention must be paid to women's own opinions in implementing programmes aimed at improving their status. The objective should be not the passive integration of women into economic development but rather an active process whereby they became an integral part of development.

22. The developing countries, which faced the greatest challenge, must continue to take appropriate measures to equip women to attain their rightful place in the development process. To do otherwise would be a failure to make the fullest use of a vital resource which could give a new impetus to their development efforts.

23. Mr. BABINGTON (Australia) said that considerable advances had been made by the international community in the last decade towards recognizing the importance of involving women in the development process. Largely as a result of the United Nations Decade for Women: Equality, Development and Peace, which had succeeded in establishing a coherent and comprehensive set of objectives in the form of the Nairobi Strategies, there was greater recognition that development was not truly effective unless the needs and contributions of women were included, and that women occupied a key position as the agents and beneficiaries of development. That achievement, however, was not without danger. Greater recognition of the importance of benefiting women through development activities risked separating women's concerns from the development process. Such thinking could encourage the assumption that there were two kinds of development issues, women's issues and real ones, which could lead to their exclusion from the overall development process.

24. Australia was convinced that women's needs and concerns should be systematically and thoroughly integrated into decision-making on development programmes, particularly through the integration of the Forward-Looking Strategies into the United Nations system-wide programming, planning and budgeting mechanisms. Attention should be focused on the entire range of United Nations bodies, specialized agencies and regional commissions whose decisions, programmes and budgets had an impact on women. His delegation strongly supported co-ordination mechanisms such as the proposed cross-organizational programme analysis of activities for the advancement of women and the system-wide medium-term plan for the advancement of women.

25. A thorough and realistic understanding of the development process was essential for the proper design and implementation of development programmes, but that understanding would be inadequate unless it incorporated knowledge of the role of women in the process. Development programmes not based on an understanding of the involvement, contribution and needs of women were likely to disadvantage at least half of the community they sought to benefit, and would probably lead to a disproportionate or sub-optimal allocation of resources.

26. In that context, the information in annex I of the *World Economic Survey 1988* was very useful. Its authors had honestly acknowledged the difficulties of collecting data on women, noting, for example, that the work of women was ignored in the accounts of the world economy when performed in the confines of the family rather than in the market-place. The Annex also noted that deficiencies in the data could be attributed to a lack of understanding of the role of women in economic activity. It served a useful purpose in pointing to areas where improvement was required, for example, in the provision of education. There was a marked disparity between male and female illiteracy rates in developing countries and functional illiteracy rates in developed countries. Further work should be done to develop the useful statistical base it provided in order to enhance the understanding of women's needs in the development process.

27. Mrs. MARKHUS (Libyan Arab Jamahiriya) said that, worldwide, women constituted 50 per cent of the population, did two thirds of the work and produced half of the food. Their contribution, however, was largely ignored, in particular the work done within the confines of the family. Yet, the issues that concerned women should not be considered as relating only to them. All their problems were in fact those of society as a whole. In the North, women enjoyed some rights, although world statistics showed that they owned only 1 per cent of world property, but in the poor countries of the South they had been, like men, subjected to imperialist oppression. Women and children were the first victims of the poverty, drought, irrational policies and unjust world economic system that plagued the poor countries of the third world.

28. The economic role played by women was not properly reflected in economic statistics or in the status accorded to them. It was for that reason that the United Nations had taken action on behalf of women in the form of the proclamation of 1975 as International Women's Year, followed by the Decade for Women: Equality, Development and Peace. Three major international conferences had been held to discuss the problems of their daily lives with a view to establishing a society in which women would participate effectively in all aspects of development and to drawing the attention of the international community to the importance of understanding the role of women in the world economy and the need to consider women's issues in the preparation of all policies, programmes or planning for general economic policy.

29. The statistics in annex I to the *World Economic Survey 1988* demonstrated in particular the vital role of women in agriculture, where they accounted for 60 per cent of agricultural labour. They also shed light on many factors affecting women's work, such as education and their status within the family. The low level of education was particularly striking: for example, they constituted 63 per cent of the world's illiterates. Illiteracy rates differed according to region, ranging from 54 per cent in Africa to 17.3 per cent in Latin America, but in every case the proportion of women was higher than that of men. Despite the many changes that had been made in developing countries in regard to education, much remained to be done to eliminate that gap. Although many countries offered men and women equal opportunities in regard to work, there was still a large disproportion between men and women in senior policy-making posts because of the obstacles to women's work, particularly their family responsibilities.

30. In the Arab countries, women, who, like men, had suffered from colonialism and imperialism, had only recently embarked on the long road to the attainment of political and economic rights. In the Libyan Arab Jamahiriya also, women had long been plunged in ignorance and backwardness, deprived of human rights and prevented from making any progress or par-

ticipating actively in the country's development. However, following the Great September Revolution, a new era of freedom had dawned in which women participated with men in building a just society. They enjoyed full political rights on the same footing as men and in employment were guaranteed equal pay for equal work. Education up to the secondary level was compulsory for both men and women, and much had been done to improve the status of women, and promote their participation in the development of the national economy. Childcare centres had been established and vocational training courses provided for women. Other services for women included literacy courses in night school, lectures on family life and family planning, opportunities for part-time work, and three months paid maternity leave for those in work.

31. The Nairobi Strategies, endorsed by the General Assembly, called for promoting the involvement of women in development activities and providing for women's concerns and requirements at the appropriate stage in all programme planning and policy formulation concerning the world economy as a whole.

32. Her delegation wished to express its particular appreciation of the efforts of the Commission on the Status of Women and the Branch for the Advancement of Women of the Centre for Social Development and Humanitarian Affairs of the United Nations Secretariat in Vienna to promote the advancement of women throughout the world.

33. Ms. BATACLAN (Philippines) said that her delegation considered it right and proper that the status and role of women should be discussed as part of agenda item 2. Women had been the subject of internationally agreed economic and social policy as both agents and beneficiaries of development, the latter in the Nairobi Strategies and the former in the Declaration on the Participation of Women in Promoting International Peace and Co-operation.[2] The fact that women were the special subject of international efforts for advancement and integration, however, did not mean that all males had advanced and been integrated. The inequalities between men and women revealed in annex I of the *World Economic Survey 1988* could not be taken in isolation from the glaring inequalities in the economic and social status of the peoples of the world reported in the main text. The structural imbalances referred to there affected both men and women, young and old, literate or illiterate.

34. Annex I was valuable, however, in revealing that aspect of structural imbalance which was reflected in the global pattern of differentiation by gender. Global statistics on women showed that they represented only a small proportion of the educated and gainfully employed population and were subject to greater unemployment.

35. Those global statistics were borne out by the situation in the Philippines where, in 1985, women composed more than half of the population. Two thirds of them lived in rural areas and 40 per cent were below the age of 15. In 1979, female infant mortality had been 44.6 per thousand female live births, lower than the total infant mortality rate of 50.2 per thousand. On the whole, males in the total population were better educated than females; 56.4 per cent of Filipino men had completed elementary school as against 56.27 per cent of women; for secondary school and college, the respective figures were 22.87 per cent and 7.37 per cent for men as against 20.94 per cent and 7 per cent for women. However, slightly more females than males held academic degrees. Nevertheless, more females were unemployed than males at the same educational level. Filipino women with less education found it easier to be gainfully employed than the more highly educated, showing that there were relatively fewer opportunities for women in full-time, skilled, secure, and well-paid positions. Although they participated in the labour force, most female workers were not regarded as gainfully employed. Women in the agricultural sector, for example, were counted as "unpaid family workers". Among such workers, 54 per cent were female. Women made up only 30 per cent of own-account workers and 36.8 per cent of wage and salary earners. Women working in the informal sector, which was a substantial part of the economy, were not accounted for at all. In all the major occupational groups, men earned more than women. Rates of participation in the labour force had been lower for women than for men for the past 10 years.

36. In the Philippines, as in most developing countries, the development of women could not be dissociated from that of the rest of society. An agenda had, however, been set for improving the situation of women after careful analysis and appreciation of the physical, social and cultural factors that made up women's lives. The 1986 Constitution and the country's medium-term plan for 1987-1992 both referred specifically to the effective mobilization of women, who constituted half of the nation's population.

37. Development planning must deal with humanity in real terms and not merely in the context of abstract statistics and targets. Targets should be set, however, for the maximization of social resources, including natural technological and manpower resources, to improve the status of women in health, education and employment and for the integration of women's concerns in overall development planning, as well as the promotion of equality of the sexes in all spheres of development through a reorientation of values.

38. Annex I of the *Study* revealed that women's contribution to development was undervalued. It also revealed, parenthetically, that the economic crisis had set data-gathering and compilation back in a large number of developing countries. Unfortunately, conventional measures of progress and development were inherently biased against women. Women's work in the home, for example, was left out of productive activities. Within a framework that evaluated worth in terms of the material profits of work, the biological role of

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[2] Issued by the General Assembly in its resolution 37/63 of 3 December 1982.

women was stressed and their social contribution undervalued. Since women who worked within their families were not remunerated by their husbands, or by anyone, their contributions to the State economy remained invisible.

39. Annex I showed a decrease in gender differentiation in industrializing and developed economies with the advent of new technology and mechanization. It would appear, therefore, that the industrialization and development of developing countries could help to eliminate global discrimination in employment. Work of that kind could be carried out by trained males and females. In the Philippines, for example, 85 per cent of workers in the semi-conductor industry and 70 per cent of the total work force in the export-processing zones were women. There was no clear reason why domestic work should be the sole prerogative of women. Children should benefit from the care and attention of both their parents. The whole family should take part in turn in the care and maintenance of the home, in as much as all benefited from its comforts, and that contribution to economic activity should be duly accounted for. If society could agree on those premises, there should be no real obstacle to the elimination of those sexist practices and ideas which hampered the appreciation of the role and contribution of women in development. Unfortunately, sexism was so deeply entrenched that external pressure was required to liberate thought.

40. The Nairobi Strategies sought to apply precisely such pressure. Future multilateral and national action to liberate the peoples of the developing countries from the shackles of inequality and underdevelopment must include women. A thorough revision of national accounting systems would be a good start.

41. Mr. KOSSENKO (Union of Soviet Socialist Republics) said that the realization of women's full potential was imperative in a developed democratic society and was reflected in the threefold aim of the United Nations Decade for Women: Equality, Development and Peace. The goals of the Nairobi Strategies were difficult to achieve in the political, economic and social circumstances prevailing at the regional and world levels.

42. The situation of women, particularly in the developing countries, had failed to improve and indeed aroused grave international concern. The *World Economic Survey 1988*, the summary of the report of the Secretary-General entitled "Overall socio-economic perspective of the world economy to the year 2000" (E/1988/62) and the report of the Secretary-General entitled "Main research findings of the system on major global economic and social trends, policies and emerging issues" (E/1988/65) showed that women, particularly in rural areas, suffered from worsening conditions of work, slow progress in medical care provision and limited access to education. The prevailing economic crisis continued to impede any improvement in their situation and their advancement towards equality with men.

43. At the national level, Governments clearly had primary responsibility for measures to bring about equality through legislation relating to equal opportunities and conditions in work and education. Although the situation was not ideal anywhere, the overall aim could and should be to legislate for women's complete equality as a cornerstone of social policy, as envisaged in the Convention on the Elimination of All Forms of Discrimination against Women.[3]

44. The Soviet Union too faced some problems relating to the effects on women of recent radical economic reforms, including rationalization, scientific and technological progress and the introduction of economic accountability. On the other hand, economic advances would speed up measures to reduce physical effort, poor working conditions and monotonous, unskilled tasks. The advancement of Soviet women had been given particular attention during the nineteenth All-Union Conference of the CPSU, which had taken into account not only their potential in the work force but their role in the family—the nation's future.

45. The Soviet Union was an active participant in the world women's movement and in related activities within the United Nations system. It attached great importance to the Centre for the Advancement of Women and the Committee on the Elimination of Discrimination against Women. The task of integrating women in development fully accorded with the decisions taken by the Commission on the Status of Women at its thirty-second session, the Council's recommendation at its first regular session, and the draft resolution to be tabled at the current session.

46. The system-wide medium-term plan for the advancement of women was consonant with the Forward-Looking Strategies. The Soviet delegation supported draft resolution I recommended by the Commission on the Status of Women at its thirty-second session (E/1988/15, chap. I), as well as draft resolution IV, on measures to co-ordinate activities for the integration of women in development (*ibid.*), particularly with regard to the Commission's central co-ordinating role for United Nations programmes and plans. Such a role was essential, *inter alia*, in preparing the new international development strategy for the Fourth United Nations Development Decade.

47. The roles of the Commission on the Status of Women and the co-ordinating functions of the Council and the Centre for the Advancement of Women should be enhanced with a view to practical measures relating to all three goals of the Forward-Looking Strategies. To that end, more higher management posts in the Secretariat should be filled by women representing different parts of the world. A balanced approach was important, as were adequate budgetary and non-budgetary resources, in preparations for a system-wide programme analysis in the sector. The Secretariat must analyse even more thoroughly the programmes of the United Nations system dealing with women's issues, in order to avoid duplication.

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[3] General Assembly resolution 34/180 of 18 December 1979, annex.

48. The Nairobi Conference was an important source of action. Regional and interregional exchanges of experience were also important. There must be further in-depth study and agreement on all basic aspects of women's equality—in constitutional and legislative measures, employment and education, maternity and child welfare and other fields. The non-governmental organizations concerned could also play a positive role.

49. States could give a radical impetus, at the national, regional and international levels, to securing an adequate role for women in the development process in conditions of full equality and lasting peace.

50. Mr. LOOS (World Bank) said that the integration of women in development, both as contributors and as beneficiaries, was one of the essential factors in economic growth. It had come to be recognized that women made up a disproportionate number of the poor, and that economic change had often altered the traditional division of labour at their expense, ousting them from their traditional activities and widening the productivity gap between their labour and that of men. Even in some developed countries, such as the United States, two out of three adult victims of poverty were women, while at the global level the figure was over 70 per cent. The responsibility for preparing children for life fell primarily on women; the quality of the future labour force depended largely on the health and level of education of mothers. If women continued to be left out of the mainstream of development and were denied the opportunity to realize their full potential, serious inefficiencies in the use of resources would persist. On the other hand, greater attention to their role could not only make development programmes more responsive to the poor but also more productive. Women did more than half the farm work in the developing world, grew most of the food, and were also playing an increasing role in industry and services. It must, therefore, seem paradoxical that in many countries their contribution was forgotten: high fertility, poor health conditions, inadequate education and limited job opportunities restricted their full participation in social and political decision-making. While they made up 50 per cent of the adult world population and one third of the official labour force, their work in fact accounted for nearly two thirds of total working hours, for which they received only one third of world income and owned less than 1 per cent of property.

51. Progress was, however, being made, even if only gradually. The prevailing view of development had widened to include a concern for human welfare, and the call for poverty alleviation was once again being heard. Education and training had come to be recognized as crucial in sustaining and accelerating overall development, as had their contribution to health, nutrition and family planning. The World Bank was becoming an increasingly sensitive advocate of the importance of women's role in development, which it had identified as a priority area. It was helping to make Governments more aware of the potential of women's contribution and was designing programmes and projects responsive to the priorities identified in contacts with national authorities. In designing and funding programmes it had, in recent years, paid special attention to their impact on women and the need to support local activities and institutions concerned with their economic and political development.

52. Population growth was at least as significant a factor in shaping the world as financial crises or political upheavals since it affected both the development process and the apportionment of its benefits. Economic policy and performance over the coming decade would undoubtedly influence population growth for several decades to come, but it was equally certain that demographic policies and changes over the rest of the century would determine the framework within which any development strategy for the coming century would have to operate.

53. Improved health care for women was a precondition for their advancement. To work for better medical care for expectant mothers, better nutrition, more effective help in childbirth, and improvements in family planning was an affordable and productive investment. There were, however, administrative, economic and cultural obstacles to such improvements in some developing countries, and the Bank was helping to overcome them through its population, health and nutrition programmes in conjunction with other agencies, such as WHO and UNFPA. As to the alleviation of poverty, it had become clear that families headed by women made up a significant proportion of the poorest urban households, and many of the Bank's urban projects were targeted on them. It was also the case that in many developing countries women tended to be economically "invisible", particularly in the informal sector in urban areas, the productivity of which must be improved. Support for handicrafts and other small-scale industries commonly of relevance to women was important in that respect. The adjustment process, essential as it was for economic growth and development, often imposed hardships on low-income and deprived groups, such as women, and the Bank was helping countries to develop the analytical ability to understand the short-term trade-offs between growth and equitable distribution, to identify beneficiary and loser groups and to find ways of assisting the most vulnerable. That could sometimes be done by reallocating social expenditures, for example by reducing subsidies for some services, thus freeing resources for more socially productive programmes, of greater benefit to poor and underprivileged groups, including women. Other more direct measures included employment in public works and services and compensatory programmes to cover food costs and improve nutrition.

54. The Bank was aware that its activities on behalf of women were complementary to those of other organizations, and that the activities of all concerned must be co-ordinated by identifying the physical, financial, cultural and social obstacles to women's advancement. For its part, the Bank intended to take advantage of the present favourable climate and approach development in a way truly responsive to the needs of the poor and

underprivileged, including the need to enhance the status and role of women.

55. Mr. SIVILA (Cuba) reaffirmed his delegation's support for the Nairobi Strategies. The Cuban Government was very conscious of the imperative need, especially in the developing countries, to integrate women in all political, economic and social activities on a basis of full equality. The success of that policy was reflected in the fact that, in Cuba, women made up more than 50 per cent of the skilled workforce. There was no major activity in which women were not represented, and in many cases they performed highly complex and difficult work. While recognizing the essential role of women in the development process, it must also be recognized that underdevelopment was the main cause of the difficulties women experienced in the developing world. If the international community, particularly the developed countries and international financial institutions, genuinely wished to promote the advancement of women and their full enjoyment of life, they should first and foremost collaborate in eradicating underdevelopment by helping the third world to overcome its economic crisis and by removing the intolerable burden of external debt, which bore most heavily of all upon women. It was essential that the new development strategy should include the advancement of women among its objectives. His delegation would support any proposals made in the Council to give women full equality of rights with men.

56. Mrs. MTANGO (Observer for the United Republic of Tanzania) said that it was a depressing fact that the essential contribution of women to economic and social life—commonly through their work in households, family farms and businesses, and other work in the informal sectors—often went unrecognized. It was, however, encouraging to note that their status and participation in development were advancing rapidly in the developing countries in spite of environmental hazards like drought, and of inadequate inputs and backward methods, especially in the farming sector. Financial support was essential if those difficulties were to be overcome.

57. In the United Republic of Tanzania, although women were in the forefront of the development process, they were hampered by a lack of adequate financial assistance. In that context, she expressed her Government's appreciation of the contribution by the Hans-Seidel Foundation of the Federal Republic of Germany, which had recently offered to provide $730,000 in support of a project to give intensive training to farmers, particularly women, on the use of farm inputs and better farming methods. As the *World Economic Survey 1988* made clear, the economic integration of women was a major new force in the global economy, whose effects could be of critical importance. It was also essential to identify the category of women most severely affected by the adjustment process so that measures could be taken to alleviate their hardships.

58. Her delegation affirmed its continuing support for General Assembly resolution 40/204 of 17 December 1985, requesting the Secretary-General to update, on a regular basis, the survey on the role of women in development. She hoped that, in future, the updates would focus more on the role of women in the economy at the local, national, regional and international levels and that the coverage and accuracy of data would be improved, particularly in relation to the informal sector. Only through proper recognition of women's participation in development would it prove possible to enhance their contribution.

59. Ms. APPLEWHAITE (Jamaica) welcomed the inclusion in the *World Economic Survey 1988* of annex I on selected indicators of the socio-economic attainment of women. That reflected the growing recognition of the major economic role of women, especially in the developing world. Although economic data did not always accurately reflect the extent of their contribution, the Annex gave useful information on some relevant economic and social trends, at both the regional and the global level. As it pointed out, efforts to improve the collection of full and accurate national statistical data had been frustrated in many developing countries by the economic crisis. Efforts must be continued to ensure that more complete data were obtained and that adequate monitoring systems were devised with a view to improving conditions for women in the vital areas of health, education and employment. One disturbing trend was the impact of structural adjustment programmes in the developing countries, which often bore disproportionately on women, particularly in employment and income. Much attention had been paid to worsening poverty levels throughout the world, but few speakers had mentioned the fact that women had been most severely affected. The "feminization of poverty" was in fact receiving a great deal of attention from scholars, but it was still not adequately taken into account by economic analysts and planners. Much work still needed to be done to ensure that they designed and implemented programmes that would help to avert the further marginalization of women in the development process. Her delegation fully supported the work of the Centre for the Advancement of Women in analysing that disturbing trend. Her own region had been carryingout a number of studies, and her Government looked forward to participating actively in the forthcoming seminar in Vienna on the subject.

60. Ms. SELMANE (Observer for Algeria) welcomed both the inclusion of annex I on selected indicators of the socio-economic attainment of women in the *World Economic Survey 1988*, and the progress report on the preparation of the update of the survey on the role of women in development. The contribution of women to national economies was not always adequately reflected in statistics, the reason sometimes being that there was no tried technique for quantifying what was often referred to as the "invisible" work of women, and sometimes that objective development conditions accounted for the lack of appropriate indicators.

61. From the time of its independence, Algeria had realized the importance of the participation of women in national development, and one of the objectives of the

Algerian Revolution as proclaimed in the National Charter was the effective integration of women in the development process. Special efforts had been made to ensure that women received a thorough education and training, and there were already as many women as men students attending the University of Algiers. Parallel with that investment in education had gone an increase in the number of jobs open to women. The National Charter specified that working women must enjoy maternity protection, and made other provisions to ensure the integrity of the family, and the necessary adjustments for the inclusion of women in the workforce. Her delegation was happy to report that many of the measures in the progress report had already been put into effect in Algeria, and that full equality of rights between men and women existed in the labour field, for example, equal pay for equal work.

62. Mr. KHERAD (Observer for Afghanistan) noted that the international community was paying increasing attention to the role of women in economic and social development, and that increasing efforts were being made to facilitate their integration in the process. The United Nations had done much in recent years to encourage that trend, and the Decade for Women and the Nairobi Strategies had undoubtedly helped to make women themselves, as well as Governments and organizations, more conscious of the contribution women could make. In spite, however, of some progress, it was obvious that the objectives of the Decade had not been achieved and that, in many countries, women were still unable to participate fully in development efforts. In many regions they continued to suffer economic hardships and political or racial oppression. In the developing countries their hardships were due in large measure to poverty and the general backwardness afflicting the majority of the world population. There was a close link between the status of women and the major national and international problems of the present day.

63. Success in improving their lot depended essentially on national efforts and actions by the political and social organizations in each country. The preparation and adoption of effective measures of mobilization and integration were likewise linked to the application of such fundamental texts as the Declaration on Progress and Development in the Social Field,[4] the Charter of the Economic Rights and Duties of States,[5] the Declaration and Programme of Action for the Establishment of a New International Economic Order,[6] the United Nations development strategies, and the Declaration of the Right to Development.[7] His delegation considered that the Nairobi Forward-Looking Strategies, and the decisions adopted at Mexico City and Copenhagen, represented the most complete intergovernmental mandates for United Nations activities in that field. The next organization-wide review of United Nations programmes for the promotion of women's rights, to be carried out in 1989, should take full account of the application of the Forward-Looking Strategies in all fields. Afghanistan supported all efforts to affirm the importance of the role of women, and had participated at the highest level in all conferences held within the framework of the Decade. In its view, progress in strengthening the role of women in development should not be measured by the number of resolutions adopted in conferences, but by the real participation of women in ensuring the well-being of humanity as a whole. All countries, international organizations and peoples should, accordingly, make even more determined efforts to ensure the participation of women in political, economic and social activities by recognizing their equal rights with men to education and training, by opening up access for them to public and political life, and by supporting their steadfast struggle for the maintenance and strengthening of peace and international co-operation.

64. Ms. BALJINNYAM (Observer for Mongolia) said that women played a vital role in all societies, and that their advancement should not be considered a special issue but rather an essential part of economic and social planning. In spite of the increasing attention paid by the international community to the role of women in recent years, much still remained to be done. While welcoming the documents before the Council, her delegation wished to emphasize the need for greater co-ordination of all United Nations activities for the advancement of women. It also believed that the role of the Council in that regard and of the Branch for the Advancement of Women, Vienna, should be further strengthened. She fully supported the recommendations in the report of the Commission on the Status of Women (E/1988/15 and Add.1), particularly draft resolution I, on a system-wide medium-term plan for the advancement of women. In Mongolia, where in former times the home had been traditionally regarded as the only province of women, the situation had been so completely transformed that a return to the former system would now entail depriving the national economy of one half of its labour force. Women were actively engaged in all branches of the economy and of public life. They made up about one third of all peoples deputies, 57 per cent of all students in higher education, and 64 per cent of those studying in secondary, general and vocational schools. About 90 per cent of all able-bodied women were engaged either in work or in study. Her Government sought to promote the all-round development of women and to ensure that they enjoyed the same rights and freedoms as men. Because of the high percentage of female employment, the Government paid special attention to promoting the general education and the vocational training of women.

The meeting rose at 5.10 p.m.

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[4] General Assembly resolution 2542 (XXIV) of 11 December 1969.

[5] General Assembly resolution 3281 (XXIX) of 12 December 1974.

[6] General Assembly resolution 3201 (S-VI) and 3202 (S-VI) of 1 May 1974.

[7] General Assembly resolution 41/128 of 4 December 1986, annex.

29th meeting

Friday, 15 July 1988, at 10.10 a.m.

President: Mr. Andrés AGUILAR (Venezuela)

E/1988/SR.29

AGENDA ITEM 2

General discussion of international economic and social policy, including regional and sectoral developments (*continued*)

1. Mr. KLIOUKINE (Inter-Parliamentary Union) said that the members of his organization, which now comprised national groups in 109 countries, approached the crucial economic and social issues of the present day by giving thought to what contribution they could make to the efforts of the United Nations through legislative action.

2. The Union also sought to promote economic development in the context of human development. On the topic "Health—a basis for development in Africa", a Conference organized jointly by the Union, WHO and the Union of African Parliaments had been held in Brazzaville from 27 June to 1 July 1988, and had adopted recommendations aimed at promoting health and development in Africa at the local level through more active popular participation in development efforts. At the international level, the participants in the Conference had supported WHO action in Africa and recommended the establishment, under the auspices of the WHO Regional Office for Africa, of a special health fund for Africa.

3. The Union was seeking ways of ensuring the better integration of women in the development process; the Brazzaville Conference had served to emphasize that women's participation in development efforts was indeed essential. The Union had recently published two related studies, one on the participation of women in political life and the decision-making process, and the other on the distribution of seats between men and women in parliamentary assemblies.

4. It was now recognized that development should be sustainable and ecologically sound. The 79th Inter-Parliamentary Conference, held in April 1988 in Guatemala City, had undertaken an in-depth study on the question of the promotion and development of environmental strategies for achieving sustainable development while at the same time ensuring the preservation of the world's natural and cultural heritage. The Council had before it the resolution adopted by the Conference (E/1988/NGO/5), which recommended in particular that the Union should set up an *ad hoc* committee to study environmental matters on a regular basis. That opened up new prospects for co-operation between the Union and the relevant United Nations agencies, notably UNEP. The Conference had, moreover, supported the proclamation of 1992 as an international year for the protection of the biosphere and had recommended the urgent adoption of international regulations concerning the transboundary transport of toxic wastes. The Conference had also expressed serious concern about the dangerous practice adopted by the industrialized countries in dumping toxic wastes in Africa.

5. In the past year, the Union had also considered the promotion of human rights and respect for the principles and treaties governing relations among nations as they applied to refugees and displaced persons. That problem had been studied in particular at the 78th Inter-Parliamentary Conference, held in Bangkok in 1987.

6. The Union had sought to assist the United Nations system in efforts to combat drug abuse and illicit trafficking of narcotics, and had organized an Inter-Parliamentary Conference in Caracas, in November 1987, on that problem as it applied to the western hemisphere.

7. The Union had also continued to support United Nations activities relating to the implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples,[1] and the Bangkok Inter-Parliamentary Conference had adopted a resolution supporting action taken by the United Nations against *apartheid*.

8. The Union agreed with the Secretary-General (18th meeting) that global issues required global solutions based on global consultations. Adherence, or rather conversion, to multilateralism must be straightforward and unqualified. The Union was very satisfied with the state of co-operation between it and the organizations in the United Nations system, and hoped that that collaboration would be even closer in the future.

9. Mr. TABIBI (World Muslim Congress) said that over the past year there had been no change with regard to problems such as starvation and unemployment—particularly in Africa, Asia and Latin America—the debt crisis, and the financial and trade imbalances which the industrialized countries themselves were unable to resolve. Those economic and social problems were being experienced in the socialist world, too, and all the recent major international conferences, including the Summit Meeting held at Toronto by the seven major industrialized countries, the Summit Meeting held in Moscow between the Soviet Union and the United States of America, reflected the anxieties of the world community. The defenders of both capitalism and socialism promised a future paradise, but the truth was that it had still not been possible to find lasting sol-

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[1] General Assembly resolution 1514 (XV) of 14 December 1960.

utions and that that failure was due not to a paucity of effort or to shortcomings in the United Nations, but mainly to the lack of a moral approach on the part of the world community and to the desire of certain powerful nations to become wealthier and more dominant than others by trying to exploit the weaker nations. It seemed then that, in contemporary life, the main problems were a lack of solidarity and brotherhood, and ignorance of the duties of every human being to the universal God and his creatures on Earth. As long as mankind did not believe in God and did not fear the Day of Judgement, there would be no solution, even if thousands of conferences were held and adopted hundreds of economic and social declarations. His organization, believing in the spiritual value of Islam, felt that the international community should establish a set of principles to achieve its social, economic and political aims on the basis of morality and justice. Each country must therefore restructure its society, its economy, and its whole system of values and relationships.

10. Twelve centuries before the publication of Adam Smith's work, Islam had emphasized the individual's freedom of choice, praised gainful work and declared that the hand which sweated in labour for living would not burn in hell-fire. The Islamic State was essentially a welfare State and it was duty-bound to play an important role in the economy for the fulfilment of its goals. Although it tolerated variation in the material attainment of members of society, Islam made it a duty that part of the wealth of the rich should be shared among the poor. Islam had therefore developed wise economic and social policies based on a scientific study of ways to distribute wealth and combat its accumulation by a few individuals or States. It was therefore the duty of every Islamic State and of the rest of the world to make a concerted effort to muster a maximum of resources and harness them efficiently in order to attain the widest possible range of objectives. The resources at the disposal of any country, rich or poor, were generally insufficient compared to needs. Every Government should therefore establish a list of priorities in the light of the shariah and the principles of Islam. How far different countries could move towards the ideal state would necessarily depend on the quality and character of their people and leaders and their sense of justice and brotherhood, qualities which were lacking today because of the prevailing materialism and competition. In reality, the economic and social problems of the Islamic world could be attributed largely to the fact that it ignored Islamic education and blindly followed western and eastern patterns. It was therefore vital for the Islamic countries to revert to their ethical, moral and social values, which were based on justice, brotherhood, faith in peace and human solidarity, the sharing of wealth and, above all, submission to the power of the Almighty, the Lord of the Universe. He was convinced that unless the societies of the Islamic countries were restructured on the basis of those principles, it would be impossible to resolve the economic and social problems of today.

11. Mr. DADZIE (Secretary-General of the United Nations Conference on Trade and Development) said that in 1987 UNCTAD had warned the United States that, unless there was an improvement in its external balance, a world recession might be triggered off should it be tempted to raise interest rates.[2] Fortunately, the major market-economy countries had succeeded in co-ordinating their reactions to the stock market collapse of October 1987 and had enabled the United States since then to follow a policy which could be summed up as "adjustment with growth". Nevertheless, the imbalances in those countries remained: imports by other developed market-economy countries would therefore have to be expanded and the capacity of developing countries to absorb imports conducive to their development strategies should be strengthened. In that context, the needs of Africa and the least developed countries called for special attention.

12. The prices for the principal exports of developing countries had recovered, with three important exceptions: coffee, cocoa and tin. But price indices were still very low for food products, those for certain agricultural raw materials and for metals and minerals were showing marginal improvement, and significant increases had occurred only in the cases of aluminium, nickel, pepper and jute. Concerning commodity problems, particularly the difficult issue of price stabilization, international co-operation had been on the wane in recent years. Even so, eight years after it had been drawn up, the agreement establishing the Common Fund for Commodities had at last been ratified by a sufficient number of countries with the required share of directly contributed capital to permit its entry into force. Governments, if they so wished, would be able very quickly to open the second account of the Fund, which could do much to help the developing countries to enhance their commodity earnings and thus complement their diversification programmes.

13. The Uruguay Round of multilateral trade negotiations held out the promise that trade liberalization could help to invigorate world economic growth. Indeed, liberalization was essential for the reactivation of development, since more rapid export growth would enable the developing countries to overcome the debt crisis more quickly, and the developed countries would benefit, too, both from the reallocation of resources towards high-productivity sectors and from the higher levels of world demand that would result once the developing countries were able to service their debt more easily and could import more. However, although the participants in the negotiations had tabled more than 200 proposals or position statements, and despite the considerable progress made on technical aspects, the negotiations had been unresponsive to the needs of the developing countries. In particular, despite the commitments underlying them, the negotiations had not been able to halt the drift towards protectionism and ensure strict adherence to "standstill". The developing countries observed that the most rapid progress was being made on issues of interest to the developed countries but none had been achieved in areas of crucial import-

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[2] *Official Records of the Economic and Social Council, 1987, Plenary Meetings*, vol. II, 33rd meeting (E/1987/33), para. 17.

ance to them. Some proposals relating to tropical products and agriculture, moreover, did not appear to respect the principle of differential and more favourable treatment. On one hand, the mid-term review to be conducted in Montreal in December 1988 should provide a timely impetus. On the other hand, the idea of launching a global strategy for development and growth had recently taken on a significant dimension with the conclusion, in Belgrade in April 1988, of the Agreement on the Global System of Trade Preferences among Developing Countries,[3] which was not only a landmark in South-South co-operation but also augured well for the growth of world trade.

14. The debt crisis, which considerably hampered the development process and caused enormous damage to the global macro-economy, was now entering its seventh year and no solution was near: the ratio of interest payments to exports was still too high, and debts relative to exports and GDP were higher than ever. In the group of the 15 heavily indebted countries known as the "Baker 15", per capita output was still below the 1980 level. Those countries in the middle-income category whose debts were to official lenders had also fared badly. In the sub-Saharan African countries real per capita income was 14 per cent lower than in 1980. Over-indebtedness and stagnation were locked in a vicious circle because a paucity of resources made real adjustment impossible. The debt burden also severely affected the development of human resources and physical infrastructure.

15. Under the debt strategy still applied today, an improved external environment was necessary to provide debtor countries with the margin of manœuvre required for growing out of debt, but the commodity markets continued to be depressed and financial flows to the developing countries were still too small. However, commercial banks had been able to reduce the risks they incurred in troubled countries, and the international financial system had not been seriously disrupted. All the same, the failure of the debtor countries to achieve sustainable debt ratios was raising doubts whether adding to the existing debt was the solution. The heavy discounts at which the paper of the "Baker 15" was now selling indicated that those countries would in effect be unable to service their debts in the future. Moreover, those discounts, which entailed losses for the banks, had not—with one exception—benefited the debtor countries.

16. An analysis by the UNCTAD secretariat showed, however, that a small reduction in debt obligations would be enough to enable those countries to recover significantly and, although requiring effort and sacrifice, the adjustment would bring its rewards. For one thing, creditors would no longer be obliged to participate in "involuntary lending". In general, the relationship between debtors and creditors would improve as a result of the progress achieved on both sides. It was thus worth exploring further the mutual advantages to creditors and debtors of removing the debt overhang. UNCTAD considered that the current market-oriented approach would not achieve that objective. There was a need to make debt reduction concerted and lending voluntary. A number of schemes for debt reduction had been put forward by the experts and UNCTAD would also propose certain options in its trade and development report. The commercial banks, which were now protecting themselves much better, should be in a position to absorb the impact of giving relief on the scale needed. The operation would still have to be undertaken on a case-by-case basis, on the understanding that the international financial system would in no way be endangered.

17. Other arrangements should be considered for the poorest countries, in whose case the conclusions of the recent Toronto Summit Meeting offered a "menu" of options for official creditors. The initiative taken at that summit needed to be complemented, however, by other debt-relief measures, as well as by additional concessional flows. UNCTAD estimated that, in order to achieve 3 per cent annual per capita growth in those countries, an additional $3 billion of fresh ODA would be needed, even if all interest on official bilateral and long-term commercial debt were reduced to zero. Multilateral debt would account for about 20 per cent of total debt service by sub-Saharan African countries and other low-income countries in 1988-1990. The time had come to find solutions to that problem, for example through interest-subsidy schemes and refinancing mechanisms. It would also be desirable to supplement official debt relief for those countries with buy-back programmes for their commercial bank debt.

18. Finally, the debt-servicing problems of those middle-income countries whose debts were mostly owedto official institutions also deserved much closer attention than they had received before. Some of those countries could be included among the beneficiaries of the Toronto agreement on official bilateral debt, but in many cases their debt was multilateral. That debt would therefore need to be refinanced, on concessional terms, but without reducing the funds available to the poorest countries; in other words, the volume of ODA to middle-income countries would need to be enlarged.

19. The relevant UNCTAD bodies would continue to work on all those issues in the coming months. He hoped that his comments would be useful to the First (Economic) Committee of the Council, which would shortly have before it the report of the Trade and Development Board.

AGENDA ITEM 3

In-depth study of the United Nations intergovernmental structure and functions in the economic and social fields: (*a*) report of the Special Commission of the Economic and Social Council on the In-depth Study of the United Nations Intergovernmental Structure and Functions in the Economic and Social Fields; (*b*) the Economic and Social Council

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[3] GSTP/MM/BELGRADE/12 (vol. I).

20. Mr. BADAWI (Egypt), speaking as Chairman of the Special Commission of the Economic and Social Council on the In-depth Study of the United Nations Intergovernmental Structure and Functions in the Economic and Social Fields, introducing the Commission's report (E/1988/75), said that the Commission had begun its work in March 1987 and had devoted its early meetings to consideration of the procedures and methods by which it could best carry out the task entrusted to it by the Council in the context of the implementation of recommendation 8[4] of the report of the Group of High-level Intergovernmental Experts to Review the Efficiency of the Administrative and Financial Functioning of the United Nations (Group of 18). It had taken the Commission some time to determine first of all the nature of the documentation required for an integrated study of the Organization's structure and functions in the economic and social fields. A combination of functional and thematic approaches had enabled it to carry out a consistent and in-depth review of both the intergovernmental machinery and the Secretariat.

21. The Commission had begun its review of intergovernmental machinery during its fourth session, and the exchange of views throughout its work had proved extremely useful. The documentation prepared by the Secretariat and contributions submitted by the subsidiary bodies in response to Council decision 1987/112 of 6 February 1987 had also facilitated its task.

22. Consultations following completion of the study had revealed that, while delegations recognized the need for overall reforms, they could not agree on a set of practical measures for recommendation to the Council. He nevertheless wished to put forward some ideas concerning the ways in which the Council could carry out the task entrusted to it by the General Assembly and to identify areas in which it might be possible to reach an agreement so as to facilitate the work of the Assembly at its forty-third session.

23. A number of delegations had suggested that the Council should consider renewing the mandate of the Commission so as to enable it to draw up a set of agreed recommendations. He did not share that view; the Commission had clearly concluded its work, since it had completed the study requested and had set out the findings of that study in its report. The considerations detailed in that report had prevented it from reaching agreement on specific recommendations and it was now for the Council to decide what would be the best means of completing the task.

24. Another idea was to establish a small group to pursue the Commission's findings and to recommend specific measures constituting an overall package of reforms. He personally doubted the usefulness of such a course of action and felt that what was needed now was a process of negotiation and a political decision by all parties on a set of agreed recommendations concerning operational measures for reform based on the vast array of information and analyses available.

25. Furthermore, it seemed to be the unanimous view of delegations that the work already done by the Commission must not be ignored. Every effort should be made by the Council or the Assembly to utilize the available information for an overall package of reforms. Consultations with delegations showed that many would have preferred the Commission's report to be transmitted, together with appropriate recommendations or comments, directly to the General Assembly for consideration and action.

26. He wished to underscore the fact that agreement already existed on a number of proposals to enhance the efficiency and effectiveness of subsidiary bodies and that those proposals should be pursued as their implementation would contribute to the ultimate objectives of reform. Under agenda item 3 (*b*), the Council now had an opportunity to review its own functioning and therefore help to achieve an agreement. Its report, along with that of the Commission, would no doubt be extremely useful for the Assembly in its consideration of reforms aimed at enhancing the efficiency and effectiveness of the United Nations intergovernmental structure and functions in the economic and social fields and its secretariat support.

27. In conclusion, he wished to reiterate his conviction that the Commission's hard work had not been in vain and hoped that more propitious circumstances would soon bring about the results which it had not been possible to attain as a result of the Commission's work.

28. Mr. VRAALSEN (Norway), speaking on behalf of the Nordic countries, pointed out that the Special Commission had been given a twofold mandate, both to undertake an in-depth study of the United Nations intergovernmental structure and functions in the economic and social fields and of its secretariat support services' and also to present recommendations aimed at enhancing the efficiency and effectiveness of the United Nations in those fields. The Nordic countries felt that the Commission had succeeded to a reasonable extent in fulfilling the first part of its mandate. The review of intergovernmental machinery had shown that the performance of most subsidiary bodies of the Council and the General Assembly—albeit with some exceptions—was satisfactory, a fact which came as an agreeable surprise in view of the relatively numerous criticisms which had been levelled at the United Nations system in recent years. The weakest link in the system had been clearly identified as the relationship between the superior organs, notably the Assembly, the Council, and the Trade and Development Board. All delegations appeared to recognize that the division of labour between those organs was blurred and that the Council was not fulfilling its mandate as envisaged in the Charter of the United Nations. They had also broadly accepted the need for reforms, although common conceptions on the direction of such reforms had not yet materialized.

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[4] See *Official Records of the General Assembly, Forty-first Session, Supplement No. 49* (A/41/49), para. 24.

29. Regarding the review of secretariat support structures, the work of the Commission had been less fruitful because of lack of time, resources and information. In that respect, the Nordic countries welcomed the Secretary-General's efforts to implement recommendation 25[5] of the Group of 18. However, as there was a link between the intergovernmental machinery and the secretariat support structures, those efforts had been hampered by the lack of conclusions from the Commission.

30. It was even more regrettable that the Commission had been unable to fulfil the second part of its mandate and had reached no consensus on recommending specific reform measures to the Council. A higher degree of political will could no doubt have facilitated a more concrete end-result. The Nordic countries had participated actively in the work of the Commission in the conviction that the economic and social sectors of the United Nations system could be made more effective and that there was scope for major improvements. Against that background, they had been pleased that a considerable number of package proposals for reform had been introduced in the Commission, but they would have welcomed a more open and frank discussion of some of them.

31. Regarding the question of the universalization of the Council's membership, such a reform would clearly not in itself make the intergovernmental machinery more efficient or effective and, in that regard, all delegations had agreed in principle that the prerequisites for such a transformation were as important as universalization itself. Consideration of those prerequisites, however, had turned out to be very difficult and delegations had been unable to agree on the institutional arrangements that would ensure a clear distinction between the role of the Council and that of the General Assembly. Moreover, the question of the relationship between those bodies and UNCTAD had hardly been raised.

32. The Nordic countries very much regretted that the Commission had failed to present a reform package which could have improved the efficiency and usefulness of United Nations activities in the economic and social fields and enhanced the credibility and prestige of the system as a whole. Surely it was in the collective interest to streamline the Organization in order to provide for greater responsiveness to emerging needs, and in particular the pressing problems of developing countries. Nevertheless, at the current session the Council should give further consideration to the Commission's findings—despite their shortcomings—in order to facilitate the deliberations of the General Assembly on that subject. In more general terms, the Nordic countries would like the question of restructuring to remain on the agenda of the Council and the Assembly. They would also be in favour of a more thematic approach in the work of the Council, as advocated in proposals to which the Commission had given its support. In addition, there seemed to be a consensus on the need to strengthen the management role of the Bureau of the Council; the Bureau could be mandated to deal with the organizational issues which, in the current circumstances, were taking up an unreasonable amount of the Council's time at the organizational session. Lastly, he wished to emphasize that the Nordic countries remained committed to the reform process and had an open mind about procedure and modalities for future discussions. The existing momentum should not be lost and it was important to build upon the work that had already been done.

33. Mr. KERKINOS (Greece), speaking on behalf of the EEC and its member States, said that the Community had already on several occasions expressed its views on what it regarded as the main aspect of item 3, namely the question of reform, and that its position was therefore well known.

34. As to the procedure to be followed, the Council clearly had a duty to transmit the report of the Special Commission (E/1988/75) to the General Assembly, giving appropriate emphasis in its decision to the need for specific reforms based on General Assembly resolution 41/213 of 19 December 1986 and consistent with the interests of all Member States.

35. Mr. GHEZAL (Observer for Tunisia), speaking on behalf of the Group of 77, expressed his profound satisfaction with the perseverance, determination and wise leadership of the Chairman of the Special Commission in the course of more than 15 months of intensive work. He did not wish to reiterate the clear and constructive position of the Group of 77, which was reflected in annex VI to the final report of the Commission (E/1988/75) in the form of a statement made at the closing meeting by his delegation on behalf of the Group of 77; nor would he single out any particular element or discuss it out of context, as had just been done. The Group of 77 would nevertheless like to reaffirm its members' commitment to strengthening the Organization's role in the economic and social sectors and to broadening its impact on the development of international economic and social co-operation. In that regard, the Group of 77 had shown its determination by endeavouring to give the Commission's work the impetus it had still lacked in September 1987. Moreover, it had undertaken a number of detailed analyses and an in-depth study of the functioning of the Charter organs and their subsidiary bodies. It had set out its conclusions and recommendations during the various sessions of the Commission. In addition to its efforts on technical matters, and despite a number of difficulties, the Group of 77 had given its constant support to all the initiatives of the Chairman of the Commission with a view to finding suitable solutions meeting all concerns.

36. The importance of the diagnosis made by the Commission should be emphasized. Such an impressive accumulation of information and analyses was too valuable to be lost or ignored in the future. Agreement had been reached on the diagnosis, in particular with regard to the weak link in the chain, the Economic and Social Council. However, it must also be recognized that the work of the Commission had not resulted in recommen-

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[5] *Ibid.*, para. 41.

dations acceptable to all. Undoubtedly, the shadow of the financial crisis and its underlying political causes had largely contributed to that failure. For that reason, the Group of 77 had submitted to the Council a draft decision taking note of the report of the Commission and transmitting it to the General Assembly for consideration and appropriate action. The General Assembly would take up the matter within the framework of the implementation of its resolution 41/213, which represented a consensus together with a commitment by the Member States concerned to settle their considerable arrears in assessed contributions.

37. In conclusion, he said that the Group of 77 had noted with interest the suggestions made by Mr. Badawi, in his personal capacity, regarding future action on the question of restructuring the United Nations system in the economic and social fields.

38. Mr. WANG Baoliu (China) said it was regrettable to have to note that, despite the joint efforts of the parties concerned, the Special Commission had failed to reach a consensus on a package of recommendations for the restructuring of the United Nations system in the economic and social fields. His country had always been in favour of a positive reform of the United Nations system and hoped that ways would be found to carry that exercise forward. It was open to all suggestions and ready to make a contribution.

39. His delegation was not at all in favour of the idea of merging the Second and Third Committees with the Economic and Social Council. Efforts to enhance the Council's work should in no way weaken the role of the Second or Third Committee, or vice versa. The utmost care must be taken with regard to the merging or subsuming of a number of intergovernmental or subsidiary bodies. The Intergovernmental Committee on Science and Technology for Development should be retained and revitalized in view of the important role it could play in promoting the economic development of developing countries. Lastly, a set of criteria would have to be established before any action could be taken to subsume intergovernmental bodies.

40. His delegation endorsed the pragmatic suggestion to seek practical and feasible ways to strengthen the Council. It suggested that measures should be taken in such areas as the continued biannualization of the programme of work, improvement of the reporting system, expeditious preparation and distribution of documents, effective co-ordination of programmes of work within the United Nations system, enhanced co-ordination of operational activities for development, a shortened list of agenda items, the prompt convening of meetings, etc.

41. While taking measures to strengthen the system, States must at the same time honour their obligations as Members of the Organization, as nothing would better prove their sincere desire to enhance the efficiency and effectiveness of the United Nations system.

42. Mr. KORN (United States of America) said that his delegation had strongly supported the efforts of the Special Commission to undertake an in-depth study of the United Nations intergovernmental structure and functions in the economic and social fields. It viewed that study as an important element in efforts to reform the system, and endorsed the report (E/1988/75) and its transmittal to the General Assembly.

43. Many delegations had presented reform proposals which deserved careful consideration. In addition, the Secretary-General had provided a wealth of excellent background material to support the Commission's work. All that would be invaluable for future work in that area. The Commission's final report must be preserved and new means found for pursuing the work on reform.

44. His delegation believed that the Council must take the initiative in pursuing reform and must put itself on record in support of improving United Nations activities in the economic and social sectors, for which it bore a great responsibility. His delegation was prepared to work within any suitable mechanism to advance reform objectives. It saw merit, for example, in the proposal to establish a small group of experts.

45. The study of the Council by the Commission had dealt in large part with the issue of its membership. On the one hand, delegations had found it difficult to assign specific functions to the Council while the issue of its membership remained unresolved; on the other hand, the issue of membership could not be resolved until the Council's role was clarified. Nevertheless, there were many ways to improve the functioning of the Council irrespective of its membership. Some of those were acceptable to all sides: for example, the gradual introduction of changes focusing on specific points and the reduction of documentation and meeting times, as well as the number of committees and commissions.

46. The Council should adopt a more thematic approach to its work. The general debate was already guided by one priority issue each year, a practice which should be expanded to cover the entire agenda. While concentrating on major issues, the Council would still fulfil its role as co-ordinator for the activities of subsidiary bodies. Improved documentation would assist the Council in its task. Summaries which clearly listed the recommendations made by each reporting body would enable the Council to carry out its task in a more efficient manner. Strengthening the Council's role in reviewing the recommendations of its subsidiary bodies would relieve the General Assembly of that task and allow it to focus only on the key issues.

47. Lastly, the Council's meeting calendar and the role of its organizational session should be re-evaluated. His delegation supported the idea of holding a shorter session and giving a larger role to the Bureau in organizing the annual work calendar. Those proposals were not politically sensitive; they were practical, specific and designed to improve the functioning of the Council. It was necessary to be realistic and to remain committed to pursuing the reform process.

48. Mr. WOTAVA (Observer for Austria) recalled that, at the closing meeting of the Special Commission, its Chairman had stated with regret that it would be unable to fulfil its appointed task of submitting a set of

recommendations to the Council. Many delegations had deplored that fact, but his delegation wished to reiterate its view that the Commission's work had, in itself, been very useful. Action had been taken on paragraphs 1 and 2 of recommendation 8 of the Group of 18. Austria endorsed the statement made by the Chairman of the Commission that the reform of the United Nations must be envisaged as a continuing process. It also shared the view that the overall objective of the study had been to strengthen the efficiency and effectiveness of the United Nations intergovernmental structure in the economic and social fields. It therefore believed that, while the most ambitious objectives of some Member States might not have been attained, when the time came Member States ought to be able to work together in those areas where there had been a convergence of views between members of the Commission.

49. He wished to take the opportunity to re-emphasize the need for a stronger United Nations role in the social sector. Of the 44 intergovernmental bodies reviewed by the Commission, only four were active in the social field. In spite of that lack of proportion, and to the great surprise of his delegation, some members had proposed the elimination of one of those social bodies. In fact, the discussions in the Commission had proved once again that, in the social sector, no subsidiary body could be eliminated or reduced and that the existing bodies must, on the contrary, be strengthened. In the future, greater attention should be paid to the social implications of economic adjustment measures, and the United Nations could play an important role in efforts to mitigate the negative effects of adjustment measures on the populations concerned, in particular the most vulnerable groups. It must not be forgotten that restructuring was not an end in itself and that its purpose was to improve the quality of life throughout the world.

50. Mr. ZVEZDIN (Union of Soviet Socialist Republics), speaking also on behalf of the delegations of Bulgaria, the Byelorussian Soviet Socialist Republic, Czechoslovakia, the German Democratic Republic, Hungary, Mongolia, Poland, and the Ukrainian Soviet Socialist Republic, said that the socialist countries had from the outset attached great importance to the work of the Special Commission, in which they had participated actively and constructively. Their position on the question under consideration was set out clearly in annex VI to the Commission's report (E/1988/75). The specific proposals contained in that document were designed to achieve results which would, in practice, contribute to the strengthening of the United Nations and its organs in the economic and social fields, while at the same time adapting their activities to the reality of the interdependence of States and of socio-economic problems.

51. The socialist countries considered that balanced changes must be made in the economic and social structure of the United Nations and that the time had come to review that structure, taking an open-minded approach to innovative proposals, and to adapt it to the realities of the world today in the light of the interdependence of existing problems. International economic security, the solution of the debt problem in the developing countries, the elimination of protectionism in international trade, the question of monetary stability, environmental protection, and the eradication of hunger and poverty in the African countries and elsewhere in the world had altered many of the assumptions underlying the activities of the United Nations and had therefore made it necessary to review the structures and functions of the system in the economic and social fields. It was in the context of that review that the Commission had been entrusted with the task of undertaking the in-depth study and, even if its work had not produced agreement on all the questions considered, the importance of its activities for an evaluation of the functioning of a large number of bodies and organizations in the United Nations system, the information acquired during the review and the convergence of the positions of various countries on major policy directions for the reform of United Nations economic and social structures should provide grounds for satisfaction.

52. The study had enabled delegations to appreciate that the machinery for regional and global co-operation was performing well and flexibly enough to respond quickly and effectively to developments in the world economic and social situation. Moreover, the study had highlighted sectors in which changes were needed and in which professional competence should be enhanced. The socialist countries were convinced that the proposed reforms must be undertaken without delay, in a carefully considered and balanced manner, taking into account the responsibilities of each individual body, its mandate and field of competence, as well as the interests of all Member States, on the basis of the principle of consensus and through compromise. They were opposed to the attempts which had been made in the Commission by some countries to use the Commission as a means of promoting their interests or limiting in some way or other the activities of subsidiary bodies which were not to their liking. At the same time, the ideas which had been put forward regarding changes in the preparation of documents, the submission of reports and the meeting calendars of some bodies should be acted on.

53. At the meetings which were to be held in order to secure a rapprochement of the various delegations and achieve consensus, it would undoubtedly be essential to underscore the role of the General Assembly and of the Economic and Social Council as the principal organs responsible for adopting recommendations on ways to resolve the most serious global economic and social problems. The Council must also effectively carry out the co-ordination functions entrusted to it under the Charter in respect of all economic and social activities in the United Nations system. That, of course, meant not only technical co-ordination of plans and programmes, but above all political co-operation between all Member States in devising global strategies and identifying priorities in the field of international co-operation for the entire system, so as to achieve the objectives of international social and economic co-operation, as defined

by the General Assembly. The socialist countries believed that the Council should be entrusted with final consideration of reports by United Nations economic and social bodies, as that would facilitate the formulation of well-balanced and carefully considered recommendations on the most serious international economic problems. The Council must undertake the functions of political co-ordination for all operational activities carried out within the framework of the United Nations. A rational division of labour between the Council and the competent committees of the Assembly and the other economic and social bodies in the United Nations would enable the intergovernmental machinery to function more effectively in the economic and social fields. It would also enable the Assembly to focus on consideration of the key issues of the world economy and international economic relations, and to adopt political decisions on them.

54. The activities of the Secretariat's economic and social departments should be aimed in particular at identifying the new problems created by the world economic and social situation and facilitating in-depth analysis of those problems in relation to one another and in the light of long-term trends in economic and social development, as well as drawing up recommendations on ways to resolve them before they were submitted to the competent intergovernmental bodies. Furthermore, the structure of the secretariat departments should be modified in line with that of the intergovernmental bodies. It would therefore be inadvisable to modify the structure of the Secretariat before agreement was reached on the reform of the Organization itself.

55. The socialist countries believed that the search for ways to improve the economic and social activities of the United Nations was inseparable from the obligation of all Member States to find mutually acceptable political solutions and to fulfil their obligations under the Charter, in particular their financial obligations. However, the restructuring of the economic and social activities of the United Nations must not become an end in itself, nor should it be a permanent process. The most important point was to resolve the problems of the world economy and international economic relations through the political will of all States and not to resort continually to new forms or bodies to discuss them when the provisions of General Assembly resolution 32/197 of 20 December 1977 remained unfulfilled. Nevertheless, in the light of the work of the Commission, it should be possible for the Council to reach a consensus with a view to improving the technical and organizational aspects of its working methods and those of the other economic and social bodies within the United Nations. That consensus should also extend to matters such as the periodicity and agenda of sessions and documentation, on which the Council could already take action to facilitate the adoption of practical measures concerning the efficiency and effectiveness of the intergovernmental machinery.

56. Mr. LABERGE (Canada) said that his delegation had played a full part in the work of the Special Commission and had endeavoured to analyse and understand the machinery of the Economic and Social Council. For a proper appreciation of what was now taking place, it was necessary to review the legacy of the previous 40 years and the history of the establishment of intergovernmental bodies during that period. The Commission had carried out its task with professionalism and determination. It had not confined itself to preparing a report on intergovernmental machinery, but had also made it possible to bring together, in New York, Geneva and elsewhere, a large group of persons who had together studied the reform process and who were still available to go on working until a consensus could be reached on recommendations to be adopted. However, such a consensus would be possible only if Member States showed the necessary political will. As the Secretary-General had pointed out (18th meeting), the financial crisis which was threatening the entire Organization made the reform process developed by the Commission even more necessary. Unfortunately, the reforms undertaken as a result of financial constraint were not always being implemented in the most rational or desirable fashion. Efforts should nevertheless be made to proceed further in that area, even though the attempt to reorganize the intergovernmental machinery as a whole might seem too ambitious.

57. His delegation hoped that the negotiations would be continued with a view to achieving a consensus as soon as possible on a set of recommendations acceptable to all sides.

58. Mr. TANIGUCHI (Japan) said that, for a number of years, many efforts had been made to revitalize the Economic and Social Council and other intergovernmental bodies in the economic and social fields and to achieve a better distribution of work between the Council and the General Assembly. Unfortunately, those efforts had not met with success. It was against that background that the Special Commission had been instructed to undertake the in-depth study of the United Nations intergovernmental structure and functions in the economic and social fields.

59. Although it had not been possible to come to an agreement on the recommendations to be included in the report of the Commission (E/1988/75), the Commission's work had nevertheless led to a better knowledge of the intergovernmental machinery of the United Nations and had enhanced mutual understanding. What had been achieved in that regard represented an important asset which should be used as a basis for further progress.

60. The members of the Commission had not agreed on the final report for two reasons: first, several delegations and groups of countries had failed to agree on substantive recommendations and procedures for their implementation; and secondly, the negotiation process had been conducted among members in meetings open to all Member States. However, recommendation 8 of the Group of 18, in response to which the Commission had been established, had envisaged that the body responsible for carrying out the in-depth study should be made up of a limited number of eminent persons

chosen on the basis of the principle of equitable geographical distribution. In order to pursue the exercise, therefore, his delegation believed that agreement should be reached, at the current session—or at the forty-third session of the General Assembly—on a forum and methods of work similar to those which had been advocated by the Group of 18.

61. Turning to substantive points, he said that his country opposed the universalization of the Council, because that would unavoidably lead to duplication of work between the Council and the General Assembly and would make the functioning of the United Nations system even more complicated. It firmly believed that most of the measures for strengthening the efficiency and effectiveness of the intergovernmental machinery could be implemented without universalization of the Council. There was a clear need for better co-ordination and division of labour between the Council and the General Assembly. In that regard, his delegation noted with satisfaction that, as indicated in the informal discussion paper submitted by the Chairman of the Commission on 21 April 1988, as a result of the discussions in the Commission the Council now had before it important suggestions which should enable those improvements to be put into effect.

62. The reform of the United Nations should be a continuing process. The results so far achieved by the Commission were only a first step in restructuring the intergovernmental machinery to make it more responsive to the ever-changing needs of the international community. Fundamental reforms should be envisaged in a longer-term perspective.

63. With a view to expediting future work, the Council should, at its current session, consider ways of improving methods of discussion. His delegation was ready to contribute to that end.

64. Mr. MOYA PALENCIA (Observer for Mexico) said that the work of the Special Commission would be very useful for the continuation of the reform exercise, even though it had not yet been possible to achieve a consensus on the issues considered. That work had provided valuable information on the functioning of the intergovernmental machinery and it remained only to make a synthesis of the conclusions reached.

65. He supported the statement made on behalf of the Group of 77 by the Observer for Tunisia, who had recalled the views expressed by the developing countries during the work of the Commission. Those countries were convinced of the need for reform. It was in that spirit that the Group of 18 had been set up and that the resolution calling for the establishment of the Commission had been adopted. However, the spirit of reform had encountered two serious obstacles: the widespread crisis in the world economy and the internal financial crisis in the United Nations. While confronting the economic crisis, the Member States had at the same time endeavoured to undertake a reform of the structure established by the United Nations for the consideration of economic and social issues. The financial crisis in the United Nations was itself due in large measure to the failure of certain countries to honour their financial obligations. As the Secretary-General had stated (18th meeting), the United Nations would soon become insolvent unless special efforts were made and the very existence of the Organization was at stake. That uncertainty concerning the future of the United Nations had influenced the work of the Commission. The Observer for Tunisia had indicated that there were now two possible options: either the Commission could continue its work, although for the time being its efforts were stalled; or a new group or a new commission with a different membership from that of the Commission could be established, although it must be clearly recognized that it was not the membership of a group that counted when important political decisions were involved. The objective was to improve the effectiveness of the United Nations, which stood for multilateralism throughout the world. Such reform appeared impossible unless account was taken of the world economic crisis and the Organization's internal financial crisis. He agreed with the observer for Tunisia that the report of the Commission (E/1988/75) should be submitted to the General Assembly and that the Assembly should take a decision on the establishment of a group or commission to implement the reform on the basis of negotiation. However, the first priority was to ensure the Organization's survival and only then should efforts be made to find the best possible way of improving the functioning of its intergovernmental machinery.

66. Mr. BABINGTON (Australia) said his Government regretted that the Special Commission, despite its lengthy labours, had failed to arrive at agreement on a package of wide-ranging structural reforms as envisaged in recommendation 8 of the Group of 18.

67. His Government believed that one of the most important conclusions to be drawn from the Commission's work, as the Chairman of the Commission had emphasized, was the agreement of Member States that the review of the functioning of the United Nations should be seen as a continuing process aimed at bringing about appropriate reforms to enhance the capacity of the Organization to meet the changing needs of its Members.

68. That task must be undertaken without delay, building on the work of the Commission, in order to reach rapid decisions on specific reforms. To that end, in his delegation's view, it was necessary first to keep the reform objective high on the agenda, secondly, to find a way to overcome the difficulties posed by certain political obstacles and to study the question on a more technical level, and thirdly, to define clearly the terms of reference so as to give structure and logic to future work. He hoped that the Council would at its current session consider appropriate means to carry forward the task of reform. He would have no objection to the proposal made in informal discussions for the establishment of a small group of high-level experts chosen on the basis of the principle of equitable geographical distribution.

The meeting rose at 12.55 p.m.

30th meeting

Friday, 15 July 1988, at 3.15 p.m.

President: Mr. Andrés AGUILAR (Venezuela)

E/1988/SR.30

AGENDA ITEM 3

In-depth study of the United Nations intergovernmental structure and functions in the economic and social fields: (*a*) report of the Special Commission of the Economic and Social Council on the In-depth Study of the United Nations Intergovernmental Structure and Functions in the Economic and Social Fields; (*b*) the Economic and Social Council (*continued*)

1. Mr. SHABAN (Egypt), said that reviews of the structure and functioning of United Nations bodies in the economic and social fields, had begun as long ago as 1949. The comprehensive "Jackson Report" of 1969 had made suggestions for long-term reform, including the transformation of the Council into a genuine co-ordinating force. In 1975, the "Group of 25" had laid particular stress on the revitalization of the Council, concluding that it did not have adequate means to ensure the effective implementation of its recommendations, and that its subsidiary machinery and its agenda had become unmanageably large while the 1978 UNITAR study had noted the Council's generally unsatisfactory record in fulfilling the responsibilities of the Charter of the United Nations. Finally, the General Assembly in resolution 41/213 of 19 December 1986 had established the Special Commission, in which representatives of both developed and developing countries had stressed the Council's failure to fulfil its mandate. For its own part, the Council had never been satisfied with its performance, as the repeated reviews it had undertaken testified.

2. Drawing the attention of the members of the Council to Article 62 of the Charter, relating to the policy-making functions of the Council, to Articles 57, 58, 63 and 64 (1), relating to the co-ordination and scrutiny of the policies and activities of the specialized agencies, and to Articles 64 (1) and 66 (1) relating to monitoring the implementation of decisions and recommendations of the General Assembly and the Council itself on matters falling within the latter's competence, he said that the Council's Charter functions were interrelated and intertwined.

3. The view that the Council was incapable of living up to its responsibilities was extreme. The substantial expansion of programmes and intergovernmental machinery in the economic and social fields had made the Council's co-ordinating role more complex and at the same time the increasing interdependence of nations and issues and the need for an integrated approach to social and economic development had made its task more difficult. The main reason for the Council's failure was that reform had bypassed some of its major functions, while the Council itself had either waived some of its Charter powers or had not made full use of them. The objectives of international economic and social co-operation set out in Chapter IX of the Charter had taken second place to logistical matters, such as the organizations and programme of work, documentation and the like. It was necessary instead to consider the Council's functions and powers under the Charter.

4. With regard to policy formulation, the general discussion in plenary, the Council's only substantive discussion of international economic and social policy and development, more often than not did not culminate in policy recommendations addressed to the General Assembly, the specialized agencies and Member States. Even attempts to arrive at agreed conclusions had been frustrated. If the Council let slip that fundamental function, its very existence might be called in question.

5. With regard to the Council's second major function, it had to be recognized that co-ordination would not work if Member States failed to co-ordinate their national positions in the various organizations of the United Nations system.

6. While both the General Assembly and the Council were given a central co-ordinating role by the Charter, some organ had to co-ordinate co-ordination, and the Council was the only one with a constitutional basis for that task in the economic and social fields. It was the central intergovernmental body for the co-ordination of the system. If the Council failed in its co-ordinating role, the output of the system would be scattered and meaningless, a waste of time, effort and resources, which was more or less the present situation. One reason was the proliferation of programmes, activities and subsidiary bodies. Another was the absence of political determination on the part of Member States to make full use of the Council. A third reason was a negative attitude to the concept of co-ordination on the part of Member States and of entities within the system. The situation had not been helped by the lack of a clear distinction between the roles of the Assembly and the Council, which had led to overloading of the Council's agenda, and the fragmentary consideration of reports without a coherent, intelligible or integrated approach.

7. The Council was also failing in its third function, of monitoring the implementation of its own decisions and those of the General Assembly on economic and social issues. It was not using its Charter powers or the provisions of relationship agreements to obtain reports from the specialized agencies on the effect given to Assembly and Council recommendations. Substantive co-ordination had been neglected.

8. Turning to specific proposals, his delegation proposed that as part of the general discussion all members of the Council should strive to reach agreement on a set of recommendations or, failing that, as a transitional measure, a set of agreed conclusions, to assist the General Assembly in focusing on a limited number of major issues. The Council should identify issues requiring its priority consideration in time to enable other organizations of the system to participate actively in their discussion. It should organize its work in such a way as to enable it to concentrate on a limited number of carefully selected major policy issues for in-depth study with a view to formulating concrete, action-oriented recommendations. It should monitor the implementation of the overall strategies, policies and priorities established by the Assembly in the economic, social and related fields, and consider means of carrying out the Assembly's recommendations in those fields. In that context, the Secretary-General should be requested to prepare a consolidated report on relevant Assembly decisions, highlighting matters requiring action by organizations of the system, and indicating the priorities laid down by the Assembly. The reports should be circulated to all organizations of the system and made available to the Council at its organizational sessions. The specialized agencies should be requested to include information on steps taken to give effect to the Assembly and Council recommendations in their analytical summaries.

9. The Council should make recommendations to the Assembly for the preparation of the medium-term plan, and the outline of the draft programme budget, particularly with regard to priorities. The Council should recommend to the Assembly overall priorities and policy guidance for operational activities throughout the system and should continue to carry out comprehensive policy reviews of system-wide operational activities. It should concentrate on the policy review and co-ordination of regional co-operation activities, particularly with regard to issues of interregional interest. Where issues for its consideration were similar or related, the Council should consolidate them under a single agenda item so that they could be considered and acted on in an integrated manner, and it should endeavour to bring the economic and social activities of the system closer together. The Secretary-General should be requested to ensure that meetings of subsidiary bodies of the Council ended at least eight weeks before the Council session at which their reports were to be considered. The Council should continue to consider the biennialization of the meetings of its subsidiary bodies with a view to achieving greater synchronization between General Assembly and Council activities. Consolidated reports on social, economic and related fields should be prepared by the Secretariat for the Council on the basis of the reports submitted by the relevant bodies within the system. To ensure proper consideration of the interrelationship between economic and social issues, the Council might, on a biennial or triennial basis, review both the economic and social dimensions of the world situation.

10. System-wide co-ordination should be an integral part of the Council's work, and reports by subsidiary bodies should highlight the substantive and co-ordination issues in the respective fields of activities. Co-ordination instruments such as cross-organizational programme analyses (COPAs), cross-organizational reviews (CORs), ACC/CPC meetings and reports from the ACC and its subsidiary bodies should be adapted to enable the Council to carry out its co-ordination functions effectively. To the same end, the Office of the Director-General should be strengthened to enable the Director-General to carry out his responsibilities more effectively, particulary in the areas of co-ordination and operational activities for development. The relevant provisions of General Assembly resolutions 32/197 of 20 December 1977 and 33/202 of 29 January 1979 should be fully implemented.

11. In order to ensure that the measures his delegation proposed were duly implemented, he proposed that the revitalization of the Council should be included in the Council's agenda for its second regular session in 1989 and discussed in plenary with ample time for full consideration. His delegation favoured holding a consolidated session at Headquarters and suggested that the Secretary-General should be asked to prepare a report on the feasibility of doing so.

12. Many of these proposals were not new and had indeed been adopted by consensus by the General Assembly and the Council. What he was advocating was that they should be consolidated in the form of agreed and coherent recommendations without prejudice to any future decisions the Assembly might wish to take. The Council had a unique opportunity at its current session to formulate specific action-oriented recommendations on enhancing its own efficiency, with a view to regaining its authority and credibility.

13. Mr. BARNETT (Jamaica) commended the President and secretariat of the Special Commission on their work.

14. As the Secretary-General had pointed out,[1] mere improvements in administrative and financial functioning would not enable an institution made up of sovereign States to function more effectively until members had clearly defined the objectives to be pursued. Reforming an organization with so many diverse, and sometimes conflicting, interests was a complicated task, but, the process initiated by General Assembly resolution 41/213 gave Member States a valuable opportunity to identify ways in which the United Nations could be better equipped to meet both present and future needs. Once the key issues had been identified and agreement reached on how to deal with them, more fruitful discussions on the necessary structures would be possible.

15. The Council, under the authority of the General Assembly, had been mandated to play a pivotal role in

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[1] Reform and renewal at the United Nations: report of the Secretary-General on the implementation of resolution 41/213 of the General Assembly.

the consideration of economic and social questions. As defined in the Charter of the United Nations and further elaborated in General Assembly resolution 32/197, the Council's functions included policy making, co-ordination, monitoring, and the evaluation of issues identified and endorsed by the Assembly. His delegation reaffirmed the Assembly's responsibility for the discharge of the functions of the Organization in international economic and social co-operation. There could be no derogation from the Assembly's authority or from the rights of Member States to have any matter discussed there.

16. The Council had specific responsibility for the follow-up of those issues in the economic and social fields and over the years it had established a structure of subsidiary bodies to assist it in carrying out its mandate of responsibilities. There was, however, general agreement that the Council had not performed effectively, and recent discussions had focused on ways and means of restoring its authority and efficacy. Many of its subsidiary bodies had taken on an independent life of their own and were reluctant to accept the Council's authority.

17. He hoped the Council would be able to agree on an approach to restructuring itself and its subsidiary bodies, a step that would require vision and boldness to go beyond the constraints of the current financial crisis.

18. As a first step, it was crucial for Member States to agree on identifying the areas—such as money, finance, debt, trade and development; food and agriculture; technical co-operation and assistance; human resources and development—which the United Nations should continue to address, bearing in mind growing world interdependence and the need for multilateral action on various fronts. Other issues could be identified, but consideration should focus on those for which the Council had direct responsibility. The bodies involved in those issues should then be grouped under the headings of policy formulation, operations and support. It would be found that most policy-making was carried out elsewhere than in the Council; the aim should be to restore to the latter many of those policy-making functions, with a view to resuming high-level debate in the Council itself and fostering an integrated, co-ordinated approach to the relevant issues. The Council's various operational and support mechanisms such as commissions, committees and *ad hoc* experts groups should have their mandates, periodicity and output carefully monitored. Duplication and overlapping could not be entirely avoided, of course, given the nature and complexity of many issues, such as that of population—in which the Council itself would be found not to play a substantive part in policy formulation. If the Council was to enhance its role it needed to decide which policy functions it should deal with direct and which ones were better handled elsewhere.

19. If that general approach was acceptable, the Council could then begin to examine existing bodies with a view to restructuring them and improving procedures, reorganizing the Secretariat where appropriate. The Council's calendar, including agendas and reporting procedures could then be arranged more easily, and it could be seen which of the recommendations made by the Group of 18, and the proposals emerging from the report of the Special Commission (E/1988/75) were applicable.

20. To overhaul the United Nations system would be difficult, and impossible to do at once. But a real beginning could be made at the Council's current session, given a commitment to improve the Organization's effectiveness, particularly in the economic and social fields.

21. Mr. GHEZAL (Observer for Tunisia), speaking on behalf of the Group of 77, reiterated the latter's interest in the item under discussion and in efforts to improve the Council's efficiency, particularly in its role as the Organization's central co-ordinating body in the economic, social and related fields. The Group was in favour of open, constructive dialogue with a view to enhancing international co-operation; and fully supported the Secretary-General's efforts to preserve the Organization's integrity, credibility and viability in a very difficult period. The Group had prepared, for the Council's consideration, a number of ideas which could help to promote constructive dialogue, particularly with regard to the Council's central co-ordinating role at system level. It had also considered the possible elaboration of ideas aimed at supporting the Secretariat, including the position relating to the Office of the Director-General. The Group would make all its ideas on proposals available to the President during the informal consultations to be held. It was ready to play an active part and to study with interest any suggestions and proposals made by other delegations or groups, in a spirit of genuine dialogue. As the Jamaican representative had said, many of the aspects were complex and not amenable to speedy solutions. The Group nevertheless assured the Council of its willingness to do everything possible to help.

22. Mr. KERKINOS (Greece), speaking on behalf of the EEC and of its member States, said that the Communities' member States regarded the efforts to enhance the Council's structure and efficiency as a matter of major concern and were ready to explore all possible avenues to restore the Council's authority and credibility. The ideas put forward by the previous speakers merited consideration. The European Communities would also be putting forward their ideas on the subject.

23. Mr. ALZAMORA (Peru) said that his delegation appreciated the work carried out by the Special Commission and its Chairman. The Economic and Social Council was not alone in having its authority diminished or disregarded. The Security Council's decisions, especially those aimed at establishing peace and justice for the South African and Palestinian peoples, had been flouted on many occasions. But the gravity of the Council's situation lay in the fact that its function as the highest forum for economic and social affairs and its responsibility for subordinate bodies such as IMF, the World Bank and GATT, were being eroded. As a result, none of those bodies was succeeding in its tasks. IMF had failed to achieve world financial stability and the

Bank's efforts had led to some reconstruction but had not achieved development. GATT had not succeeded in bringing about a truly multilateral trade system and UNCTAD's efficiency was declining.

24. Not only had the Council lost prestige and authority, but the world's structural economic problems were as far from solution as ever and seemed to be worsening. Piecemeal efforts were of no use. As the Secretary-General had said (18th meeting), global problems required global solutions arrived at through global consultations. The Council was the right forum for that purpose; its authority must be reasserted. It was the place to achieve the expression of genuine political consensus without which mere technical reforms would achieve little.

25. A first step could be a meeting at ministerial level with officials from the major agencies, in order that all could participate with a view to policy decisions in which all views were fairly represented. It was time to recognize, for one thing, that the huge imbalance in economic growth rates between North and South would go on giving rise to instability and crises unless rectified. The need was for genuine concerted action, which could be achieved only if the Council resumed its role as the highest authority for advocating and directing economic and social policy. Only clear, unanimously supported policies and co-ordinated action could deal with the complexities of world economic problems. The Council should stress that reality to the Assembly and suggest suitable action.

26. Ms. PERKOVIC (Yugoslavia) said that her delegation fully supported the Tunisian Observer's statement on behalf of the Group of 77. The Special Commission's report (E/1988/75) should be discussed at the forty-third session of the General Assembly so that all the countries which had taken part in the Commission's work could participate in the deliberations. She hoped that the Assembly would be able to agree on the best possible way of successfully completing the restructuring process. That, together with overcoming the financial crisis, would enable the United Nations to continue to carry out its functions in more favourable conditions.

27. Consideration of the structure and functioning of the Council was of great importance, not only for its own work but for any further efforts to restructure the economic and social sectors of the United Nations. The Council's role could not be separated from that of the Assembly, under whose authority it functioned. The current crisis in multilateral co-operation meant that the United Nations' role in international economic decision-making was being questioned. The Council constituted one of the Organization's weakest links, although its original purpose had been to interlink and co-ordinate the overall United Nations system.

28. Strengthening the Council and enabling it to carry out the tasks enshrined in the Charter was an integral part of the effort to strengthen the capacity of the United Nations to deal with world economic problems, which was the main goal of restructuring. Her delegation was in favour of any measures that would make the system more efficient and effective and adapt it better to present-day conditions.

29. Consolidating the position of the United Nations and, as part of that exercise, of the Council, demanded that all Member States should strive towards that goal, that differences on the role of the United Nations in international economic co-operation should be overcome, and that it should be finally accepted that the letter and spirit of the Charter must be implemented to the full. Without that, no new proposals for improving the effectiveness and functioning of the Council or other bodies could strengthen the United Nations role and overcome the current stalemate in international multilateral co-operation.

30. There was no lack of ideas or proposals, but the many recommendations that had been adopted had not been put into practice. The question was what must be done to make sure that they were implemented. The greatest number related to the Council and its functioning and their basic objective was to enable it to fulfil its mandate under the Charter. The Council, under the guidance of the General Assembly, was the central intergovernmental body for co-ordinating the activities of the United Nations system. It had never been successful in doing so and steps must therefore be taken to enable it to fulfil its major task. The Council's role in monitoring the implementation of the overall strategies, policies and priorities established by the Assembly for carrying out its decisions should be strengthened. Only through the implementation of the decisions of the various forums in the United Nations system could confidence in the Organization be built. One of the crucial issues was the relationship between the Council and the specialized agencies, which was characterized by formalism and an almost complete absence of United Nations influence on their work. If that weakness could be redressed, the Council could regain its role as one of the major organs of the United Nations system in the economic and social fields. Steps should be taken to ensure that, in accordance with Article 64 of the Charter, the specialized agencies reported to the Council on the steps taken to give effect to the recommendations of the Assembly and the Council in the economic, social and related fields.

31. To enhance the Council's own efficiency and effectiveness, the items of its agenda should be strictly biennialized, the volume of documentation should be reduced, and the general debate should be better structured and action-oriented. A single consolidated session of the Council should be considered, together with the related question of its venue. The Council should produce a consolidated report covering economic and social matters and United Nations operational activities for development, which would facilitate the proceedings in the General Assembly and enhance overall efficiency.

32. All steps to strengthen and improve the Council in carrying out its basic tasks should take into account the fact that it operated under the authority of the Assembly, which was the supreme body of the United

Nations, and among other things, the principal forum for policy-making and for harmonizing international action on international economic, social and related problems.

33. Mr. SCHUMANN (German Democratic Republic) said that his delegation's position on the Special Commission's report (E/1988/75) had been largely covered by the joint statement made by the representative of the Soviet Union (29th meeting). The socialist countries had also made a number of joint statements in the course of the Special Commission's meetings and had submitted a joint position paper, reproduced in annex II of its report. Those joint approaches reflected his delegation's position of principle regarding the future work of the Council under the mandate set forth in the Charter. Thus, his delegation was in favour of strengthening the work and functions of the Council regarding the review and assessment of the world economic and social situation and the identification of areas that required multilateral consideration and action. It was also in favour of strengthening the Council's role in the promotion of multilateral co-operation to solve international economic, social and related problems through the promotion of an integrated approach to economic and social development, the substantive co-ordination of United Nations and specialized agency economic and social programmes and overall monitoring of the follow-up to relevant United Nations resolutions and decisions.

34. Unfortunately, the Special Commission had been unable to adopt an agreed substantive document or to make relevant recommendations. The Jamaican initiative, whereby the Council had been included as a sub-item of the in-depth study of the United Nations intergovernmental structure and functions in the economic and social fields, was therefore particularly welcome.

35. In his delegation's view, the Council should carry out its functions as laid down in the Charter and reiterated in General Assembly resolution 32/197. It should, therefore, continue and strengthen its economic, social and humanitarian work, bearing in mind the necessary balance among its various fields of activity. The success of the Special Commission in narrowing down differences of opinion could be a starting point for re-establishing the Council as the main United Nations body in the economic, social and humanitarian fields. Fulfilment of the Council's mandate would require above all the necessary political will on the part of all Member States.

36. Emphasis should be placed on making fuller use of the Council's decision-making powers, laid down in the Charter, as the General Assembly's main organ in economic and social matters and on its co-ordinating function in such areas as operational activities, money and finance, science and technology and other global issues. In that connection, his delegation wholeheartedly endorsed the views just expressed by the delegation of Yugoslavia. The selection of appropriate items to be discussed in depth at ministerial-level sessions of the Council could be a means to that end.

37. Twice since its inception, in General Assembly resolutions 32/197 and 41/123, the United Nations had set itself the task of revitalizing its work in the economic and social fields and making it more action-oriented. The aim was to make the United Nations and its agencies a more efficient forum for dialogue and co-ordinated co-operation in tackling economic and social issues of the present and the future. A number of proposals in that connection had been put forward during the meetings of the Special Commission. Efforts were already being made to reshape work programmes, new structures were emerging, the calendar of conferences was being streamlined and documentation rationalized. Steps were being taken to make the secretariats more efficient and open, through strict adherence to the principles of professional competence and equitable geographical distribution.

38. The fact that the Special Commission had been unable to reach a consensus on recommendations for the General Assembly was no indication of inefficiency on the part of the Council. However, the General Assembly, and those United Nations organs which had already adopted concrete measures for restructuring, expected the Council to complete its task as a prerequisite for continued successful activities by the United Nations.

39. A number of decisions for the revitalization of the Council had been taken and pursued by the Council and the General Assembly since 1982, including decision 38/429 of the General Assembly of 19 December 1983, on the biennialization of the work of the Second Committee and of the Council. Those decisions provided sufficient guidance and their clear provisions should now be put into practice. The need was not for further theoretical discussions but for political will and a readiness on the part of all concerned to take concrete action.

40. A number of interesting proposals had been made on item 3 (*b*) which should be taken into account in carrying out the existing Assembly and Council decisions on the Council's work. The proposals made by the Observer for Tunisia on behalf of the Group of 77 would help to make the Council more effective in the prevailing circumstances. His delegation supported the proposals regarding feasibility studies and consolidated reports of the Secretary-General. Some established practices of the Council which had proved useful should be continued. It should, for example, continue its general discussion of international economic and social policy, including regional and sectoral developments. The identification of priority issues would make the discussion increasingly significant for the full range of United Nations economic activities. The *World Economic Survey* should continue to be produced and CDP and CPC should continue to present timely reports to serve as a basis for a high level general discussion. The strengthening of the Office of the Director-General, proposed by the socialist countries in their position

paper, was part of that approach. That applied particularly to its functions in regard to the review and monitoring of operational activities and its co-ordination function in regard to the specialized agencies. Co-ordination with the specialized agencies was extremely important and his delegation supported the Group of 77's proposal in that connection. The machinery and structure of the Secretariat should be adjusted to the work of the Council and of the Second Committee, and geared in general to the intergovernmental structures and tasks of the United Nations and its organs.

41. The reform and restructuring of the Council was not an end in itself but was aimed rather at increasing the Council's contribution to the social and economic progress of the peoples and guaranteeing the effective fulfilment of its mandate under the Charter.

The meeting rose at 4.45 p.m.

31st meeting

Monday, 18 July 1988, at 10.20 a.m.

President: Mr. Andrés AGUILAR (Venezuela)

E/1988/SR.31

AGENDA ITEM 4

Consideration of the necessary arrangements for the meeting of the *Ad Hoc* Committee of the Whole of the General Assembly on the Review and Appraisal of the United Nations Programme of Action for African Economic Recovery and Development 1986-1990

1. The PRESIDENT recalled that the Economic and Social Council, by its decision 1988/148 of 27 May 1988, had decided on arrangements for the meeting of the *Ad Hoc* Committee of the Whole in respect of the composition of the Bureau, the provisional agenda and participation.

2. He noted that the Council had before it a draft decision entitled "Arrangements for the mid-term review and appraisal of the United Nations Programme of Action for African Economic Recovery and Development 1986-1990" (E/1988/L.36).

3. He also announced that the list of speakers on item 4 would be closed at noon that day.

4. Mr. QURESHI (Pakistan) fully supported the efforts made by the United Nations, the World Bank, OECD and AfDB to solve the problems of the African region. He hoped that, when the *Ad Hoc* Committee met in September 1988, a detailed prospective would be available on the outcome of the measures initiated by the United Nations and other agencies, and that urgent tasks would be addressed on a priority basis.

5. First, he hoped that the Common Fund, which had already obtained commitments for 66.47 per cent of its capital and only required a further 0.2 per cent to become operational, would be activated immediately. Second, the programme of debt relief drawn up at the Economic Summit Meeting held at Toronto from 19 to 21 June 1988[1] should be put into effect without delay. Third, a programme should be developed for the disbursement of the $6 billion made available by the eighth replenishment of the resources of IDA. Measures should be taken to minimize the time between the allocation and the disbursement of such resources. Fourth, effective machinery to remove bottlenecks should be devised for those countries that had successfully adjusted to development programmes; 28 countries had already done so and some of them had achieved growth rates of 5 per cent or more.

6. The efforts made by Ghana, the United Republic of Tanzania, Togo and Guinea, among others, must be supported if economic regression was to be avoided. Fifth, in light of the Khartoum Declaration,[2] African planning institutions in consultation with multilateral funding agencies should determine the optimum degree of adjustment, in the light of social considerations. Sixth, export performance should be analysed by distinguishing between the effects of cyclical changes in demand and the tightening of protectionist measures by the importing countries on the one hand, and long-term changes in consumption patterns due to technical innovation and the gradual improvement of substitutes on the other.

7. Pakistan, in accordance with its announcement at the Eighth Conference of Heads of State or Governments of Non-Aligned Countries, held at Harare from 1 to 6 September 1986, and despite its meagre resources, had initiated a programme of technical assistance for Africa. Starting in July 1987, more than 900 training opportunities would be offered over a period of five years in areas such as agriculture, veterinary sciences, banking, railways, pharmacy and medicine. In addition, a panel of 50 experts in irrigation, agricultural research and extension and credit management would be formed to provide technical support for the recovery programme. Pakistan had also established joint

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[1] See A/43/435, annex I.

[2] See 20th meeting, footnote 7.

economic commissions with 11 African countries to promote bilateral economic co-operation.

8. Mr. KUFUOR (Ghana) said that, although the United Nations Programme of Action for African Economic Recovery and Development 1986-1990 had already run half its course, much remained to be done to reverse the effects of over a decade of economic decline in Africa.

9. The delegation of Ghana had participated in the informal consultations conducted by the Vice-President, Mr. Pashkevich, and had agreed to the arrangements outlined in draft decision E/1988/L.36. It hoped that the constructive efforts of the entire international community would provide the Programme of Action with renewed impetus and direction.

10. Mr. BERTELSEN (Denmark), speaking on behalf of the Nordic countries, said that one of the Council's responsibilities was to ensure the careful preparation of the mid-term review and appraisal of the United Nations Programme of Action for African Economic Recovery and Development 1986-1990 which contained two main elements, namely, adjustment and development efforts to be undertaken by the African countries and increased international assistance in support of those efforts. It was crucial that both those elements were taken into account during the implementation of the Programme.

11. With regard to the first element, many African countries had embarked on courageous reform programmes aimed in particular at improving their agricultural sectors and the way their economies were managed. Many obstacles remained, however, particularly in relation to the social impact of adjustment measures. As for the second element—the support of the international community—there was clearly a need for intensified co-operation with the African countries as well as a considerable increase in aid to those countries. In that context, the measures taken by the World Bank and IMF were to be welcomed. In view of the decline in export revenues and the heavy debt service burden of many African countries, however, the flow of resources to Africa was still insufficient.

12. The Nordic countries had on many occasions expressed their concern about the debt problems of the developing countries, and particularly the sub-Saharan African countries. Since 1978, they had fully implemented resolution 165 (S-IX) of the Trade and Development Board of 11 March 1978 and taken other measures to alleviate the debt burden of low-income countries. They fully supported the recommendations made in 1987 by the Paris Club with regard to extended maturity and grace periods for the poorest and most indebted countries undertaking realistic reform programmes. Furthermore, the Nordic countries were willing to participate constructively in the forthcoming Paris Club negotiations, and hoped they would lead to a further alleviation of the burden of the most indebted countries, especially those in sub-Saharan Africa.

13. A large proportion of the debt of those countries was owed to multilateral institutions. The Nordic countries had therefore suggested that a multilateral mechanism could be created with a view to reducing the debt burden of the IBRD loans granted in the past to countries which were now only eligible for IDA loans. It was gratifying to note that the idea had been endorsed in the United Nations report on the financing of Africa's recovery.[3]

14. During the mid-term review, it was important that donor and recipient countries alike should carefully examine the extent to which they had fulfilled their commitments. He supported the provisions of draft decision E/1988/L.36, as well as the suggestion that the plenary meetings of the *Ad Hoc* Committee should be limited to two days, and suggested that a tentative work programme for the Committee could now be drawn up. The Committee's review could help to identify areas needing more attention or higher priority, and should also deal with the concept of sustainable development. The purpose of the review, however, should not be the renegotiation of the Programme, which was still valid.

15. Lastly, with regard to the presentation of the outcome of the review, he hoped there would be a consensus on a single and well-structured document outlining what had been achieved and what was still needed for the implementation of the Programme.

16. Mr. AL MOBARAK (Saudi Arabia) said that the United Nations Programme of Action for African Economic Recovery and Development 1986-1990 was particularly costly. The fact that the African countries had shouldered most of the cost themselves proved just how much they wanted the Programme to succeed, and their example should motivate the international community to increase its support to them. The Advisory Group that had been set up in 1987 to formulate recommendations on the action to be taken had confined itself to two such recommendations: ODA, including the role of financial institutions, and debt alleviation. The Group had not broached the question of the stabilization of export proceeds, even though that issue was of crucial importance to the African countries' ability to import more food in particular, but also more raw materials, semi-finished products and consumer goods.

17. Now that the necessary number of ratifications had at last been obtained, steps should be taken as soon as possible to bring the Common Fund for Commodities into operation. In accordance with paragraph 81 of the Final Act of the seventh session of the United Nations Conference on Trade and Development,[4] greater efforts must be made to ensure that the African countries participated to a greater extent in the marketing and distribution of their commodities. More determined efforts should also be made, in accordance with paragraph 74 of the Final Act, to improve the functioning of commodity markets and to reduce fluctuations of commodity prices. From a purely commercial standpoint the primary goals were the elimination of protectionism and the attainment of all the objectives of the generalized system of preferences, as described in

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[3] See 18th meeting, footnote 1.

[4] See 19th meeting, footnote 1.

paragraphs 102 and 103 of the Final Act. Such action would also be in line with the Punta del Este Declaration,[5] which had marked the beginning of the Uruguay Round of multilateral trade negotiations.

18. The fact that some donor countries were still not allocating even 0.7 per cent of their GNP to ODA was the main reason why growth rates in Africa were still low and why the African countries concerned were increasingly unable to service their foreign debts. Between 1976 and 1987 Saudi Arabia had made available the equivalent of $55 billion in the form of multilateral and bilateral ODA, which was 10 times more than the average contributed by all the countries members of OECD's Development Assistance Committee. His delegation called upon the other major donors at long last to allocate at least 0.7 per cent of their GNP to development assistance.

19. Saudi Arabia had not only made generous contributions to ODA but, since 1979, had helped replenish the resources of IMF's extended Fund facility with a contribution which, in absolute terms, was the largest ever made, amounting to 25 per cent of the facility's resources. His country's assistance to Africa during most of the 1980s would amount to $4,350 million, including $3,465 million to non-Muslim developing countries. Of that amount, $1 billion had been in the form of outright grants, $600 million in the form of development loans on concessional terms, and $800 million in the form of financial loans, also on favourable terms, with a view to alleviating balance-of-payments difficulties and initiating structural adjustment programmes.

20. Saudi Arabia had also made large sums available for desertification control and to launch special programmes of assistance to Sahel countries affected by drought (food supplies, equipment and technical assistance for the sinking of wells, geological prospecting, and the construction of dams and reservoirs). Moreover, in order to alleviate the plight of refugees in Africa, his country had made a generous contribution in kind, with which its urban population had been associated.

21. As the food crisis in Africa was still extremely serious, Saudi Arabia had made supplementary contributions to specialized multilateral bodies such as WFC; 50 per cent of those contributions were earmarked for Africa. It had also initiated a river pollution control project and had launched a vast programme supported by all the Persian Gulf States, to assist the most disadvantaged developing countries. Africa would receive some 50 per cent of that assistance, which would be distributed by United Nations agencies.

22. Mr. DIETZE (German Democratic Republic) approved the proposals regarding the organization of the meeting of the *Ad Hoc* Committee of the Whole. One of the tasks of the meeting in September 1988 would be to identify the reasons why, despite the great efforts made by African countries and assistance by the international community, the economic and social situation in Africa continued to be critical. A comprehensive approach was certainly needed, since the economic aspects of Africa's development should not be dissociated from the political and social ones. Special attention would have to be devoted to questions relating to the development of human resources. In that regard, the Khartoum Declaration was an important follow-up activity to the United Nations Programme of Action for African Economic Recovery and Development 1986-1990, and his country supported the proposal that the recommendations contained in that Declaration should be fully taken into account in the work of the *Ad Hoc* Committee of the Whole.

23. A major aspect of the work of the *Ad Hoc* Committee concerned the elaboration of effective measures to create an international environment conducive to economic recovery and development in Africa. Such measures would, no doubt, include proposals to settle Africa's external indebtedness, to increase the flow of resources to the continent and to help formulate commodity agreements to stabilize the export earnings of African countries. However, all the international activities envisaged must scrupulously respect the sovereignty of the African States, and in particular the path of national development they had chosen.

24. The *Ad Hoc* Committee would be failing in its duty if it omitted to prepare effective measures to put an end to the policy of destabilization pursued by the *apartheid* régime. Recalling that the Council's current meeting was being held on the 70th birthday of Nelson Mandela, the staunch fighter for freedom, human rights and national independence in Africa, and that his immediate and unconditional release was being demanded throughout the world, he considered it appropriate that the Council should associate itself with that appeal.

25. The PRESIDENT said the Council would take a decision on that subject at a later date.

26. Mr. PASHKEVICH (Byelorussian Soviet Socialist Republic), speaking as Vice-President responsible for informal consultations and other issues, introduced the draft decision entitled "Arrangements for the mid-term review and appraisal of the United Nations Programme of Action for African Economic Recovery and Development 1986-1990" (E/1988/L.36).

27. The draft had been drawn up following the informal consultations he had decided to hold in order to resolve a few issues that had remained in abeyance at the end of the Council's first organizational session for 1988. It was proposed in the draft that the *Ad Hoc* Committee of the Whole should establish two working groups: one to study the critical economic situation in Africa, and the other to examine the response of the international community, including the United Nations system. The draft also rescheduled the meeting of the *Ad Hoc* Committee of the Whole from 6 to 9 September 1988, to 12 to 23 September 1988 so that ministers attending a meeting of the non-aligned countries would also be able to participate in its work. As the last four days of the current second session overlapped the first

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[5] *Ibid.*, footnote 4.

few days of the forty-third session of the General Assembly, the Committee on Conferences would be asked for its views on the matter. He pointed out that the draft decision should not have any additional financial implications.

28. The PRESIDENT said the Council would reach a decision on draft decision E/1988/L.36 once it had been officially informed of its financial implications.

29. Mr. SHABAN (Egypt) said that while draft decision E/1988/L.36 was fully acceptable, it would be useful to recall that the text was a follow-up of a decision adopted by the Council at its first regular session of 1988. The text could therefore start with the words, "Pursuant to its decision 1988/148, the Economic and Social Council decides . . .".

The meeting rose at 11.25 a.m.

32nd meeting

Tuesday, 19 July 1988, at 10.15 a.m.

President: Mr. Andrés AGUILAR (Venezuela)

E/1988/SR.32

AGENDA ITEM 6

Permanent sovereignty over national resources in the occupied Palestinian and other Arab territories

1. Mr. MILLO (Observer for Israel) said that if the Council wished to make a constructive contribution to the solution of the economic and social problems of the territories, it must draw a distinction between political and economic issues. At the second regular session of 1987[1] he had explained Israel's policy concerning trade and finance in Judea, Samaria and the Gaza District. As he had stated then, the purpose of his country's policy was to improve the standard of living of the Arab population and the services supplied to them, while also encouraging investment and material assistance for their benefit. Recent developments in the territories had not altered Israel's determination in that regard. People in refugee camps should obviously enjoy priority attention.

2. There were some who did not miss any opportunity to use the situation in the territories to serve their own political interests. They had been doing it for 40 years, and had done it long before the territories had come to be under Israel's control. The inhabitants of the territories in question needed to be protected not from Israel, but from those who for so many years had driven them to sacrifice their most vital interests for no other return than propaganda resolutions which blocked any peace initiative.

3. In view of its limited resources, Israel alone could not meet the economic needs of the territories. International aid was therefore essential and, as Prince Hassan of Jordan had stated, the population would "constantly have to rely on Arab economic support". In 1987 the Israeli authorities had endeavoured, with rather disappointing results, to obtain funding for various projects. They had requested various countries and international organizations to undertake civilian projects in consultation with them. If they had asked to be informed, it was because they considered themselves responsible for the welfare of the population of the territories and not because they wanted to decide which projects were to be financed.

4. Despite the disturbances, the health services had continued to function normally. There had been no shortages of medical supplies or food. The Red Cross had had free access to the territories, even during curfew periods. The territories had continued to export fruit and vegetables uninterruptedly. In 1987, 170,000 tonnes of produce had crossed the Jordan bridges and gone to various Arab States. Exports of vegetables that year through "Agresco" had amounted to 1,200 tonnes, double the 1986 figure.

5. As was well known, Judea, Samaria and the Gaza District had never constituted an autonomous economic entity. Their residents had always had to work outside. The jobs provided for unemployed persons in those areas represented $700 million in wages per year. Moreover, even if peace existed and the frontiers were open between the territories and all the Arab States, the residents of those territories would probably continue to consider the Israeli economy as extremely attractive and would wish to work in Israel. Between a third and half of the labour force of the territories derived its income from Israel and enjoyed the same rights as Israeli workers. Unemployment in the territories was under 3 per cent, even since the recent events. The Israeli Government had succeeded, at the cost of great efforts, in maintaining a normal situation for workers at their workplaces.

6. In the 1987 budget of the civil administration, $127 million had been allocated to promote development projects in Judea, Samaria and the Gaza District. Projects supported by UNDP, with which active co-operation was being maintained, continued to be implemented with only minor potsponements. The budget for the ter-

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[1] *Official Records of the Economic and Social Council, 1987, Plenary Meetings*, vol. II, 33rd meeting (E/1987/SR.33), paras. 44-46.

ritories was financed from the taxes collected there and also from Israeli State budgetary resources. All those resources were devoted entirely to the territories. Obviously, if the volume of taxes collected fell, the quality of the services inevitably suffered. In Judea and Samaria, taxes were collected in accordance with Jordanian law, and in Gaza in accordance with Egyptian law. The inhabitants benefited from Israel's infrastructure and services, including in-patient treatment in Israeli State-subsidized hospitals and the purchase of consumer goods that were also subsidized. The overall economic relationship between Israel and the territories must be considered in a proper perspective. Total trade with the territories amounted to only 1 to 1.5 per cent of Israel's GNP. In 1987, Israel had exported to the territories goods to the value of $950 million—10 per cent of its total exports. Furthermore, the territories had greatly benefited from the transfer of new technologies from Israel, particularly from modern farming methods which had radically changed specific production capacities.

7. In conclusion, the Council should encourage Arab-Israeli economic co-operation and not continue to adopt resolutions that served no one's interests. Those who were pushing the Middle East into a new arms race must understand that money spent on arms could not be used to rebuild the economic and social structure of the region. One-eighth of the amount which Saudi Arabia was proposing to spend on arms would be sufficient to provide decent housing for all the refugees in the territories.

8. Mr. PHARAON (Syrian Arab Republic) observed that the note by the Secretary-General entitled "Israeli economic practices in the occupied Palestinian and other Arab territories" (E/1988/68), which was to serve as the basis for the discussion on agenda item 6, had been distributed only the day before, and then only in English. He stressed that documents must be distributed in good time and in all the languages, so that all delegations could study them and, if necessary, ask for instructions from their Governments. Could the secretariat kindly provide an explanation of the delay?

9. In paragraph 5 of that note, the secretariat announced the publication of a report on Israeli financial practices in the occupied Golan Heights. His delegation hoped that the report would be ready for the next session of the Council.

10. Item 6 of the agenda could not be addressed without mentioning, first of all, the usurpations to which the occupied Arab territories had been subjected. It must be realized that those territories had been occupied by Israelis from other continents who had begun by establishing distinctions between the inhabitants on the basis of colour and race and had created an Israeli entity with the aid of international imperialism. The racist policy applied by Israel was similar to those of the Nazi and the South African régimes. An out-and-out war had been launched against the Palestinian people in the territories, who had been despoiled of their lands. One of the tactics used by the Israeli authorities had been to deprive the Palestinians of water by diverting canals to lands occupied by Israeli settlers. Those lands, the most fertile, had belonged for generations to families who had been ousted from them to make way for foreigners, or on the pretext of building roads or for bogus military or security needs.

11. The Israeli authorities had made it impossible for Palestinian farmers to get bank loans by setting very hight interest rates. The Palestinian owners had therefore had to mortgage their lands, which had then been confiscated. Since, despite everything, they had continued to live and to produce, the Israeli Government had invented new obstacles. It had imposed taxes on their exports and had prevented them from exporting their products directly. Nevertheless, the EEC had just decided to import products directly from the occupied territories. He took the opportunity of thanking the European countries for that initiative and hoped that they would take still more effective measures to assist the Palestinians.

12. Various instruments of international law—particularly Convention IV of The Hague, the Geneva Conventions and the International Covenant on Economic, Social and Cultural Rights—provided that no population should be deprived of its means of subsistence or of the enjoyment of its natural resources. The Arab countries had long been waiting for the international community to take decisive measures to put an end to the situation afflicting the Palestinians of the occupied territories, but nothing was being done because of the attitude of certain countries which were encouraging the Zionists to continue their policy of aggression against the territories and against neighbouring countries. It was therefore not surprising that the Palestinian people in the occupied territories should have rebelled and that even children had been seen arming themselves with stones to manifest their refusal to continue to submit to the Zionist yoke.

13. Despite the reprisals, that revolt would certainly continue. The international community, which had been blind for too long, had a duty to ensure that justice was respected and could not remain silent in face of the crimes committed by Messrs Shamir and Botha. It was not enough to say that sovereignty constituted an inalienable right, or to proclaim that all the measures taken by the Israeli authorities were illegal: the Palestinian people must be allowed to create its own independent State; otherwise, feeling itself more and more marginalized, it would have no option but armed struggle.

14. Mr. BAKER (Director, Office of the Director-General for Development and International Economic Co-operation), replying to the representative of the Syrian Arab Republic, observed that document E/1988/68 existed in Arabic and that documentation was normally not distributed until it was available in all the Council's working languages. He apologized to the Council for the late publication of the document. When he had received document E/1988/68, which explained that it had not been possible to implement General Assembly decision 40/432 in full, he had made inquiries as to whether the available information would not allow

the preparation of the actual report requested instead of the document finally submitted. After consultations had been held with various organizations, it had become clear that the data collected were insufficient for the report to be drawn up and presented to the Council at its current session. That was why note E/1988/68 had been prepared.

15. Mr. DIETZE (German Democratic Republic) noted that, despite several United Nations resolutions, Israel was continuing its policy of occupation, in violation of the principles of international law. His country, which was witnessing with great concern the escalation of that policy and the sufferings of the Palestinian people, had always strongly condemned the Israeli attitude. The situation in the occupied territories, marked by mass resistance of the Palestinian people, showed clearly that there was an urgent need to find a just and lasting solution to the Middle East problem. The new opportunities for just political solutions to regional conflicts offered by the current recovery in the international situation must be seized, and the United Nations must play a role in that endeavour. It was gratifying to note that the Arab States and the PLO, at their recent summit meeting at Algiers, had reaffirmed their readiness to join constructively in the search for a just settlement of the Middle East conflict. The German Democratic Republic had shown that it approved those efforts by hosting in Berlin the Fourth European Regional Seminar of the United Nations on the Question of Palestine.

16. Permanent sovereignty over national resources was a generally recognized principle of international law. The evaluations and conclusions contained in the Secretary-General's report on the international legal aspects in general and on the illegal practices in the Israeli-occupied Palestinian and other Arab territories in particular, which had been submitted to the Economic and Social Council five years previously, were still valid. In that context, reference should also be made to Security Council resolution 605 (1987) of 22 December 1987, which dealt in particular with the protection of the Palestinian people under the Geneva Convention relative to the Protection of Civilian Persons in Time of War of 12 August 1949. All parties to that Convention shared that responsibility. The same also applied to the inadmissible trade practices of the Israeli occupation authorities mentioned in the Secretary-General's note (E/1988/68). It was in awareness of those considerations that the Third (Programme and Co-ordination) Committee of the Council had just adopted, by a huge majority with only one dissenting vote, a draft resolution (E/1988/C.3/L.5) on assistance to the Palestinian people (see E/1988/107, para. 14, draft resolution II). That resolution was important not only for the implementation by the specialized agencies of the Declaration on the Granting of Independence to Colonial Countries and Peoples,[2] but also for its relevance when it came to trade practices and guarantees of permanent sovereignty over national resources in the occupied Palestinian and other Arab territories.

17. First of all, the political causes which had led to the occupation of those territories must be eliminated. A step in that direction would be to convene, under the auspices of the United Nations, an international conference in which all interested parties, including the PLO, Israel and the five permanent members of the Security Council, would participate on an equal footing. The Conference would have to work out binding provisions on all aspects of the Arab-Israeli conflict. That would include a settlement of the Palestine question, the withdrawal of Israel from the Arab territories occupied during the armed conflict in 1967, and international guarantees for the exercise of the right of all States in the region to live and develop in peace, as provided for in the relevant United Nations resolutions. That position had been firmly expressed by the States members of the Warsaw Treaty at their recent summit meeting. In conclusion, he reiterated that the German Democratic Republic would continue to support the just struggle of the Palestinian people, under the leadership of the PLO, for the implementation of its right to self-determination, including the right to establish its own State.

18. Mr. ZVEZDIN (Union of Soviet Socialist Republics) said that the question of permanent sovereignty over national resources in the occupied Palestinian and other Arab territories continued to pose an acute problem. The occupation of those territories by Israel was unacceptable, and the attempt made by the Observer for Israel to depict the situation in them in glowing colours was not convincing. In order to solve the problem it was absolutely essential to convene an international conference in which all interested parties, including the permanent members of the Security Council, would participate.

19. The resources of the territories in question belonged to the Palestinian people, but they were being exploited by the Israeli occupier. It was not only the political aspect of the Middle East conflict which must be taken into consideration; account also had to be taken of the economic aspect. The Israeli expansion in the territories concerned was also explained by economic interests. The Israelis were engaged in pillaging the material resources of the territories, but above all they were exploiting their workforce, whose labour was an immense source of profit for them. Some 120,000 Palestinians, driven by necessity, had to go to work every day in Israel, where they were far less well paid than Israelis. There were also disparities with regard to trade: whereas Israeli products had no outlet problems, Palestinian products did not reach the markets of the EEC or other countries of the world. Israeli profits from the exploitation of the best lands and the monopolization of water resources by Israeli settlers, as well as from the exploitation of the Palestinian population, amounted to billions of dollars.

20. It was regrettable that the measures provided for in General Assembly decision 40/432 had not been fully applied. The note by the Secretary-General on the Israeli economic practices in the occupied Palestinian and other Arab territories (E/1988/68), which the

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[2] General Assembly resolution 1514 (XV) of 14 December 1960.

General Assembly had requested the Secretary-General to draw up, had not only been presented late; it was also incomplete and superficial. The Council could not accept that.

21. Mr. CHLUMSKY (Observer for Czechoslovakia) said that the Israeli occupation, which had lasted for more than 20 years, was the reason for the continuous decline in the living conditions of the Palestinian population in the occupied territories. The basic and sovereign rights of the Palestinian population over their national resources were constantly being violated. By 1984, for example, the area of land under cultivation had fallen by almost 22 per cent as compared with 1966. Pastures, orchards, grainfields and other lands near the Israeli settlements had been expropriated to enable the latter to develop.

22. The local population had been barred from effectively participating in the preparation and implementation of economic and social development policies and programmes. The local public administration had become unable to cope with the growing needs of the population, and the absence of a central national authority had only made the problem worse.

23. The conflict-ridden situation in the Middle East absorbed immense material resources and entailed serious economic, social and cultural consequences. It was estimated that, over the past 10 years alone, the countries of the region had devoted hundreds of billions of dollars to military expenditure. A small fraction of those resources would have been sufficient for the region to regain its role as a bridge between continents, nations, cultures and religions.

24. The Arab people of Palestine, under the leadership of the PLO, its sole legitimate representative, had for years been struggling heroically for the recognition of its rights and was displaying an unshakeable faith in the triumph of its cause. The Palestinian problem stemmed mainly from the fact that the Palestinian population had been deprived of its ancestral lands and was forced to seek refuge in foreign countries or to submit to the yoke of the Israeli occupiers. Its elementary rights were being flagrantly violated in the occupied territories. It was denied its right to self-determination and its very existence as a nation was threatened, as was its cultural heritage. Czechoslovakia resolutely condemned that policy and called for a comprehensive solution to the Palestine problem, not a separate solution. Recognition of the Palestinian people's inalienable right to independence was a precondition for any solution to the problem, in accordance with the relevant decisions of the United Nations.

25. Mr. GUENOV (Bulgaria) said that for many years a State Member of the United Nations had been pursuing, with the complicity of a number of other States, a policy which ran counter to the fundamental principles of international law recognized in the Charter.

26. The problem of permanent sovereignty over national resources in the occupied Palestinian and other Arab territories should have been settled by the Economic and Social Council long since. Meanwhile, the Palestinian people continued to be deprived of its inalienable rights, so it was a matter of urgency to find an equitable long-term solution to the Middle East conflict.

27. The United Nations and other international agencies had consistently opposed the attempts made to modify the legal status of the occupied Arab territories. For example, at its eleventh session, held in New Delhi, the Commission on Human Settlements had adopted two important resolutions. One provided for the rebuilding of the Palestinians' houses which had been destroyed in the Israeli-occupied territories; the other requested that the term "Israeli human settlements" should be replaced, in United Nations documents, by the term "Israeli colonies in the occupied territories"[3].

28. In its resolution 42/190 of 11 December 1987, the General Assembly had once again repudiated Israeli actions essentially designed to modify the demographic composition of the occupied territories by increasing the number of Israeli colonies and by expelling the local population to neighbouring Arab countries. That policy was the principal obstacle to the restoration of peace.

29. At present there was no problem, whether political, territorial, economic or of any other kind, which could not be settled by peaceful negotiations between members of the international community. The world was witnessing an improvement in international relations, due in part to the summit meetings between the Soviet Union and the United States of America. The Geneva agreement on Afghanistan had also created favourable conditions for the solution of regional conflicts. A just solution to the Palestinian problem must therefore be found as well.

30. Bulgaria and its allies had always supported the legitimate struggle of the Palestinian people to attain self-determination and sovereignty over its national resources. Bulgaria therefore considered it necessary to convene, under United Nations auspices, an international conference in which all the interested parties, together with the permanent members of the Security Council, would participate.

31. Mrs. SELMANE (Observer for Algeria) observed that the note by the Secretary-General on Israeli economic practices in the occupied Palestinian and other Arab territories[4] had clearly shown that the Israeli occupation was dislocating the economy of those territories and stifling any prospect of economic development, to the detriment of the Palestinian people, particularly as the occupation was accompanied by a systematic policy of stealing land and establishing Israeli settlements. In fact, however, the note dealt with only one aspect of Israeli policy; it was to be hoped that the study currently being prepared by UNCTAD in collaboration with ESCWA on the trade sector in the occupied Arab territories would be ready in time to be considered by the Trade and Development Board during

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[3] See *Official Records of the General Assembly, Forty-third Session, Supplement No. 8* (A/43/8), annex I, sect. A, resolutions 11/10 and 11/3 respectively.

[4] E/1987/78.

its thirty-fifth session. The report on Israeli financial practices in the occupied Golan Heights would also need to be completed within the scheduled time, since the two studies would usefully supplement the 1987 note.

32. Those studies would not, however, resolve the economic difficulties in the occupied territories, which were totally dependent on the economy of the occupier. Only a settlement of the Palestine question would enable the conditions to be created for real economic development there. The uprising of the Palestinian people in the occupied territories demonstrated once again the urgent need to put an end to the Israeli occupation and reminded the world of the Palestinian people's legitimate aspirations to self-determination and to free enjoyment of its natural resources.

33. It was regrettable that the Secretariat had placed before the Council only a note by the Secretary-General (E/1988/68), totally inadequate to enable it to give proper consideration to the item under study. The explanations given by the Secretariat on the subject were not satisfactory either. At a time when the media had shown the international community the disastrous conditions in which Palestinians in the occupied territories were living, the Council must be able to make a more definite contribution towards improving the situation.

34. Mr. ABU KOASH (Palestine Liberation Organization) said he too regretted that the Secretary-General's note (E/1988/68) provided such a meagre basis for the examination of the item under consideration and that it had also been distributed very late. The question had been pending before the Council not since 1986, as indicated in the note concerned, but since 1985. It was to be hoped, at least that the report for which the Council would have to wait a further year would be exhaustive and would cover the whole of the occupied Palestinian territories, including Jerusalem and Syrian Golan in particular. The report must also take account of the uprising of the Palestinian people and of the brutal repression by the Israeli authorities.

35. In the report the Secretariat should take care to use the terminology accepted by the United Nations and to reproduce in due form the wording contained in the draft resolution E/1988/C.3/L.5 on assistance to the Palestinian people, already adopted by the Third (Programme and Co-ordination) Committee and shortly to be placed before the Council in plenary session, which referred to the "uprising of the Palestinian people in the occupied Palestinian territories" (see E/1988/107, para. 14, draft resolution II). He reserved the right to return to that question and propose the denunciation, in a supplementary clause, of the Secretariat's use of terms not belonging to the United Nations vocabulary which were generally employed by the Israeli delegation.

36. He referred to some of the economic reasons why the Israeli authorities were seeking to subdue the uprising of the Palestinian people in the occupied Palestinian territories. Before the uprising, those territories had constituted Israel's biggest export market after the United States of America. At present, Israeli exports to the territories were almost nil, since the Palestinian people refused to purchase Israeli goods and was determined to produce itself what it needed. Israel also wished to crush the uprising because Palestinian workers were no longer willing to go to Israel to work in the many sectors of the Israeli economy, particularly building, public works and agriculture, where they represented the bulk of the labour force, and the repercussions on the Israeli economy were manifest. Furthermore, the Palestinians in the occupied territories were now refusing to pay the tax which Israel levied in order to finance the occupation of those territories, and also part of its own economy. In addition, since the beginning of the uprising, Israel had experienced a substantial reduction in its income from tourism. Moreover, the Israeli authorities were obliged to assign ever greater forces to repressive operations against the Palestinian people; every day television viewers all over the world saw scenes of horror in which the victims were Palestinian civilians, either adults or children. Similar atrocities committed against civilian populations during the Second World War still resulted in their perpetrators being prosecuted at the present time. In the occupied Palestinian territories, those crimes remained unpunished.

37. The representative of the Zionist entity dared to claim, before the Council, that the Palestinian territories derived only advantages from the Israeli occupation. That was rather as if he had stated that those persecuted in the Second World War had deserved their sufferings. How could victims of persecution take on the role of persecutor and forget history? How could the situation in Berlin, which was still occupied by the Allies of the Second World War, be compared to the situation in occupied Palestinian Jerusalem? Was it not the declared policy of the United States of America to exert pressure in favour of Israel, not only on Western countries but also on developing countries? Why did the Government of the United Kingdom, which in 1940 had not hesitated to recognize the government in exile represented by the young French officer Charles de Gaulle, who was unknown and guilty of insubordination, refuse, almost 50 years later, to recognize that the PLO was the sole legitimate representative of the Palestinian people? Israel, in any case, did not doubt the legitimacy of the PLO, whose leaders it was perfectly capable of designating to its assassins.

38. In the economic sphere, Israel also knew how to stifle any inclination towards independence on the part of the occupied territories: thus Palestinian exports did not reach the markets of the EEC, though it had decided to open its markets to them under a preferential treatment arrangement. In the occupied territories of the West Bank and the Gaza Strip, two-thirds of the land and 90 per cent of the water resources had been confiscated by the Israeli authorities, which also closed banks, confiscated sums transferred from abroad and prohibited any emigration, even to Israel. By way of sanctions designed to suppress the uprising, the Israeli authorities were lootings shops and blowing up houses.

The representative of Israel would be ill advised to deny it, since there were many films to prove it that needed only to be screened before the Council.

39. Still, such material losses, purely economic in nature, were of little consequence compared with the human losses suffered by the Palestinian people: there were those killed, wounded and disabled, plus several thousand prisoners in detention camps that must really be compared to the Nazi camps. How could Israel, which in the Syrian Golan Heights was appropriating land and water, making it compulsory to carry an Israeli identity card, closing schools and imposing collective sanctions, maintain that those were civilized acts? The United States, which supported Israel, undoubtedly shared responsibility for the policy of deliberate aggression against the Palestinian nation. The people of the United States, which had just celebrated the anniversary of its independence, should nevertheless understand that the Palestinians were determined to emancipate themselves, sooner or later, from Israeli colonization.

40. The Palestinian people was proud to belong to the third world and collaborate actively with all national liberation movements, particularly those struggling against the racist régime in power in South Africa and Namibia, which bore such a strong resemblance to the régime that held sway in occupied Palestine.

The meeting rose at 12.05 p.m.

33rd meeting

Wednesday, 20 July 1988, at 10.15 a.m.

President: Mr. Andrés AGUILAR (Venezuela)

E/1988/SR.33

AGENDA ITEM 6

Permanent sovereignty over national resources in the occupied Palestinian and other Arab territories (*continued*)

1. Mr. ELARABY (Egypt) said that he regretted the belated publication of the note by the Secretary-General entitled "Israeli economic practices in the occupied Palestinian and other Arab territories" (E/1988/68). Moreover, the document stated that it had not been possible to complete the study on the trade sector in the occupied territories undertaken by UNCTAD in co-operation with ESCWA because of delay in obtaining data. His delegation would like some clarification on that point and wished to know the sources of the data concerned. In that connection, it would reiterate the importance attaching to sources of information, which should be as direct as possible. He thought that the PLO should be the basic and principal source of information.

2. In addition, his delegation drew attention to the differences in respect of mandate and geographical coverage between the work of the Economic and Social Council on the agenda item under consideration and that conducted by the Trade and Development Board on the question of assistance to the Palestinian people. In view of the possible results of such differences, it would be desirable to draw up a single report for the two bodies. It would also be desirable, as other delegations had requested, to translate into all the official languages of the United Nations the first part of the study prepared by ESCWA in co-operation with UNCTAD on the financial sector in the occupied Palestinian territories of the West Bank and the Gaza strip.[1] His delegation also noted that, unlike the Arabic version of document E/1988/68, the English version made no mention of the difficulties of present-day living conditions in the occupied Golan Heights. However, the implementation of political measures likely to improve those conditions basically depended upon recognizing the existence of such difficulties.

3. With regard to the evolution of economic conditions in the occupied Palestinian and other Arab territories, he noted that the situation was steadily deteriorating owing to the policy of the Israeli occupation authorities, which resulted in distortion in the structure of output and income. As was shown by the report of the UNCTAD secretariat entitled "Recent economic developments in the occupied Palestinian territories, with special reference to the financial sector",[2] presented at the first part of the thirty-fourth session of the Trade and Development Board, the situation was alarming: there had been a marked reduction in land under cultivation, a weakening of the industrial sector, continuous establishment of Israeli settlements in violation of international law, a reduction in the financial resources of the occupied territories and a growth of financial flows to Israel through the imposition of heavier taxes and duties in the occupied territories. In view of the worsening of the economic situation, it was not sufficient to apply temporary palliative measures. The Palestinian people must be given the possibility of managing its own resources within the framework of an independent State and guaranteed full enjoyment of its right to self-determination.

4. His delegation recognized the importance of United Nations studies on developments in the economic situ-

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[1] UNCTAD/ST/SEU/3.

[2] TD/B/1142 and Corr.1.

ation in the occupied Palestinian and other Arab territories and the need for the international community to monitor those developments. It nevertheless deemed it essential to find new methods of translating the conclusions and recommendations of those studies into action. Egypt had already had occasion in other international forums to state that economic assistance must continue to be provided to the Palestinian people to enable it to recover its natural rights to self-determination, to build an independent State and to exercise its permanent sovereignty over its national resources. Egypt expected the Council to play an increased role in the overall co-ordination of such assistance. His delegation was ready to co-operate with other delegations to achieve that objective.

5. Mr. JAFAR (Saudi Arabia) referred to the report of the Secretary-General prepared in accordance with General Assembly decision 39/442 of 18 December 1984, which stated:

> The principle of permanent sovereignty has been specifically applied by the General Assembly to the occupied Palestinian and other Arab territories, and Security Council resolutions have also dealt with protection of property rights in those territories.[3]

He observed in that connection that in spite of the resolutions adopted within the framework of the United Nations, the Israeli occupation authorities pursued their arbitrary practices which had brought about a worsening of the situation in the territories and a decline in the living standards of their inhabitants, as indicated in the note by the Secretary-General entitled "Israeli economic practices in the occupied Palestinian and other Arab territories",[4] in particular in paragraph 6 of the annex. The economy of the occupied territories had undergone profound structural changes, as shown by an imbalance in the terms of trade as from 1971, a decrease in the share of local production in GNP, a reduction in the land under cultivation and employment in agriculture, increasing appropriation of land by the Israeli occupation authorities and an inadequate development of irrigation and water consumption owing to the restrictions imposed in that sector. Those trends were clearly apparent in the report drawn up by ESCWA in collaboration with UNCTAD.[5]

6. It was thus clear that the occupied Palestinian and other Arab territories were in a critical situation brought about by the policy of the Israeli occupation authorities, whose objective was to empty the territories of their inhabitants and to undermine the resistance of the Palestinian people.

7. His delegation appealed to the international community to fulfil its obligations and take measures forthwith to curb the arrogance of the Israeli occupation authorities and put an end to their violations of international law and United Nations resolutions. His delegation called for serious steps to be taken to increase assistance to the productive sectors of the territories in order to respond to the needs of the population and to increase per capita income. Such initiatives should also aim at enabling the Palestinian people to manage its resources as it desired.

8. With regard to the Zionist delegation's reference to assistance given by Saudi Arabia to Palestinian refugees, he would reiterate that his country would never hesitate to provide all the forms of assistance necessary to the Palestinian people so as to enable it to determine its future and establish an independent State. Saudi Arabia was contributing generously to various regional development funds and was also supporting international and regional bodies working in that field. Furthermore, the aggressive nature of the Israeli occupation obliged the countries in the region to increase their defence forces, a right guaranteed them by the Charter of the United Nations, in order to resist the threat constituted by the expansionist policy of the Israeli occupation forces.

9. Mr. ABU KOASH (Palestine Liberation Organization) said that the Secretary-General's note (E/1988/68) contained expressions which were not in accordance with the terminology used in United Nations documents. In paragraphs 4 and 5 the term "occupied territories" was used instead of "occupied Palestinian territories". He requested the Secretariat to comply exactly with United Nations terminology as it appeared in the decision pursuant to which the note had been prepared. He noted, with regard to the Secretary-General's report on assistance to the Palestinian people (E/1988/82) which had been considered by the Third (Programme and Co-ordination) Committee, that no corrigendum had yet been issued in respect of the inaccurate expressions used therein although Mr. Baker, Director in the Office of the Director-General for Development and International Economic Co-operation, had apologized about the matter. The same request held good for studies which would be submitted subsequently on Israeli practices in the occupied Palestinian and other Arab territories.

10. Mr. BAKER (Director, Office of the Director-General for Development and International Economic Co-operation) assured the representative of the PLO that his comments would be drawn to the attention of the Office of the Secretary-General and that a corrigendum would be issued on the date and in the terms decided by the Secretary-General.

11. Mr. ABU KOASH (Palestine Liberation Organization) said he was not completely satisfied with the answer of the representative of the Secretariat. Since 8 July, his delegation had been requesting that the Secretary-General's note (E/1988/68) should be corrected so as to use United Nations terminology. The reply had been that the necessary corrections would be made to the text, but the days had passed and nothing had been done. His delegation now insisted that the text should be corrected immediately and warned the Secretariat that it was not prepared to wait any longer.

12. The PRESIDENT asked the representative of the PLO to show understanding. The Secretariat's task was difficult: it had to draft extremely complex and delicate

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[3] E/1985/105, annex, para 3.

[4] E/1987/78.

[5] UNCTAD/ST/SEU/3.

documents where it undoubtedly endeavoured to maintain the proper neutrality. The PLO had already stated its views on the matter and asked for corrections to be made to the Secretary-General's note (E/1988/68). That would be reflected in the summary record of the meeting. Mr. Baker would transmit the comments which had been made to those responsible for drafting the note. The Council could not prolong a discussion which would produce nothing new and might make it impossible to devote the necessary time to the matters still to be considered. In addition, it was not fair to submit the Secretariat to such pressure.

13. Mr. ZIADA (Iraq) said that the Secretariat should implement the decisions taken by the competent organs and conform strictly to those decisions. It was therefore regrettable that, in the note under discussion (E/1988/68), the Secretariat had used a phrase which was not in conformity with the terminology of General Assembly decision 40/432, pursuant to which the note had been drafted. It was not the first time that had occurred, which was in itself deplorable; but if, in addition there was delay in making the changes requested, it was not surprising that the Secretariat's impartiality was called in question. His delegation associated itself with the PLO representative in requesting that the terminoloy complained of should be speedily corrected.

14. The PRESIDENT assured the Iraqi representative that he had taken note of his request and of that of the PLO representative and that the necessary steps would be taken to give effect to it. He added that it was not possible to hold up the Council's work any longer and that it was therefore the last time that he would give the floor to the PLO representative, whom he requested to be clear and concise.

15. Mr. ABU KOASH (Palestine Liberation Organization) said that it was not to delay the Council's work that he was intervening again but because the Secretariat had adopted in the plenary the same tactic that it had used in the Third (Programme and Coordination) Committee—stating at the meeting that it was prepared to correct its mistakes but subsequently doing nothing. In fact he thought that it was not a matter of mistakes but of deliberate intention.

16. Mr. ZVEZDIN (Union of Soviet Socialist Republics) supported what the representatives for the PLO and Iraq had just said and drew the Council's attention to the fact that the Secretariat regularly committed mistakes of that type which were, to say the least, odd. Steps must be taken to prevent any recurrence.

AGENDA ITEM 4

Consideration of the necessary arrangements for the meeting of the *Ad Hoc* Committee of the Whole of the General Assembly on the Review and Appraisal of the United Nations Programme of Action for African Economic Recovery and Development 1986-1990 (*continued**)

17. Mr. BIELAWSKI (Poland) said that, in spite of the very positive and well-orchestrated response of the international community to the challenge of African economic recovery, the continent's economic decline had become more pronounced since the thirteenth special session of the General Assembly, on Africa. It was, however, only fair to recognize that, since the adoption by consensus of resolution S-13/2, on the Programme of Action, much had been done to achieve the objectives established in it. The African countries, in particular, and international organizations had spared no effort to improve the economic and social situation of the continent. Apart from numerous programmes and new proposals such as the Soviet initiative to set up a special "Disarmament for Development" fund, there was a much deeper understanding of the economic and social problems of Africa and of their cumulative negative consequences. Among the practical measures which had been taken, it was appropriate to stress the importance of the efforts of OAU and ECA. Poland had always supported the activities of those two bodies and it would continue to do so. Taking note of the active participation of the United Nations and its specialized agencies, his delegation thought that they should try harder to utilize the potential and willingness of countries such as his own to upgrade all forms of cooperation with Africa. Certain institutions, such as UNIDO, had shown considerable initiative and flexibility in their activities on behalf of Africa, and other United Nations bodies must be encouraged to do likewise.

18. At the thirteenth special session, Poland had made a suggestion about adopting the principle of unrestricted exchange of experience and information on technology relating to food production, processing and storage which had been taken up in General Assembly resolution 41/191 of 8 December 1986. The organizations concerned should make further efforts to implement that resolution, which would undoubtedly help to overcome some of the problems listed in the "Summary of the survey of the economic and social conditions in Africa, 1986-1987" (E/1988/60, paras. 6-10). Poland was ready to share with interested African countries its experience in agriculture, forestry and fisheries through FAO and other competent United Nations bodies.

19. The debt burden of developing countries clearly constituted one of the principal obstacles to their growth. His delegation shared the opinion that "without serious efforts to remove the external resource constraint on development, regional growth will be stifled and a more serious economic situation could arise in the future" (*ibid.*, para. 3). The neglect of socio-economic aspects and particularly the cost of the adjustment process often nullified the practical usefulness of programmes focused solely on a few macro-economic objectives. That was why Poland, itself heavily indebted, supported the call of the Khartoum Declaration[6] for "adjustment with a human face".

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* Resumed from the 31st meeting.

[6] See 20th meeting, footnote 7.

20. The decline in the rate of academic enrolment at the primary, secondary and university levels was another item for concern. The lack of qualified workers in most of the fields that were important for development was likely to become more acute since, in addition to the decline in academic enrolment, there was the phenomenon of the "brain drain". To reverse that trend a number of measures would be needed, among them greater recourse to technical co-operation, a field in which the United Nations system, and particularly UNDP, could play an important part. His delegation believed that international organizations could be of help in identifying training opportunities abroad and organizing training courses in the countries concerned. Poland's co-operation with the African countries was already well developed and, in spite of its difficult economic situation, it was contributing to the AFRICA Fund instituted by the Eighth Conference of Heads of State or Government of Non-Aligned Countries, held at Harare in September 1986. The contribution consisted mainly of fellowships for university, secondary and vocational training studies and annual courses in physical and economic planning. Poland also provided assistance on concessional terms to various emergency relief operations, such as the airborne transport of foodstuffs in Ethiopia, locust control and airborne agricultural services.

21. Mr. SHABBU (Sudan) recalled that the African countries had placed great hope in the United Nations Programme of Action for the economic recovery and development of their continent and stressed that his country, like other African countries, was in an extremely difficult situation. He had noted from the "Report of the Chairmen of the Committee for Programme and Co-ordination and the Administrative Committee on Co-ordination on the Joint Meetings of the two Committees" (E/1988/79) that there was a great difference between the plans themselves and the manner in which they were implemented. He had also noted that more decisive international action was necessary to achieve the objectives of the Programme of Action. For their part, the African countries, despite their difficulties, were making enormous efforts to attain those goals but, owing to the fact that the promises of the international community had not been kept, their situation was steadily worsening. The Khartoum Conference had emphasized the importance of economic recovery and had adopted a Declaration[7] in which it had asked that stress should be laid on the human dimension of economic growth and development in Africa. He urged that the Declaration should not remain a dead letter and that the appropriate resolutions should be adopted by the General Assembly to give effect to it.

22. In order to ensure the economic recovery envisaged in the Programme of Action, certain conditions had to be met. Thus, in the Sudan, reform measures to make recovery possible were being hampered by the problems of refugees, migrants, drought, desertification, etc. The Sudan, which was one of the least developed countries, had nevertheless been receiving refugees for 25 years and their numbers were growing daily. They currently constituted 10 per cent of the population of the country and, in certain regions, one inhabitant in three was a refugee. The situation posed particularly serious problems since, in spite of the co-operation of UNHCR, the response from the international community was slow and inadequate. In the regions in which they had settled, the refugees often lived in a disorganized fashion and offered ill-accepted competition to the local population in various sectors, such as labour, for which the demand was inadequate. It was therefore essential to strengthen the country's infrastructure to enable it to absorb better the mass inflows of refugees.

23. The refugee problem had gone through three phases. It had first been considered as a temporary problem which only required provision of foodstuffs, shelter and services. But it had very quickly become evident that that was not enough, since the negative effects of the influx of refugees on the economy of the host country had not been taken into consideration. It had therefore been decided in the second phase to take measures to integrate refugees into the host country in order better to meet their needs and to mitigate the hostile reaction of the local population. Nevertheless, such measures had to be regarded as stopgap because they did not take account of all the aspects of the situation. It was therefore necessary to pass on to a third phase by implementing a global strategy to cope with the problems arising when refugees suddenly arrived in large numbers in a region, as had occurred in June 1988 in eastern Sudan. The unexpected arrivals were a heavy burden on the economy of the country, which had to devote a large part of the development budget of the regions concerned to the refugees' subsistence.

24. In addition to the refugee problem, the Sudan also had to contend with the migration of its own population owing to drought and desertification. The magnitude of these problems was such that it could not resolve them on its own and required external assistance. Accordingly, the international community should make an in-depth study of the situation of refugees in the world and provide a response which took account of all the aspects of that situation. He recalled that assistance to refugees was associated with development; it not only made it possible to help the refugees and migrants when they arrived, but also reinforced the national infrastructure so that the host country could assimilate them or at any rate ensure that they lived in good conditions until their return to their country or region of origin. To date, host countries like the Sudan had virtually borne single-handed the enormous burden of such population movements. However, the refugee problem was an international problem which was the subject of agreements and instruments adopted by Governments within the framework of the United Nations. There should therefore be greater solidarity and all countries should assume a share of the common responsibility for refugees. The Sudan was endeavouring to find a solution to improve the condition of refugees in its territory

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[7] *Idem.*

and to encourage them to return to their country of origin. The Ministry for which he was responsible had been set up especially to deal with the problem of refugees, a fact which showed the Sudan's interest in the subject.

25. Turning to the drought and desertification from which the Sudan was suffering, he stated that the affected region extended over 560,000 square kilometres, or a quarter of the country. The region concerned was the one which normally produced 90 per cent of the nation's fruit, 95 per cent of its oil and 85 per cent of its firewood; it was also a region of irrigated crops where the absence of water had led to a sharp decline in resources and life in general, since thousands of head of cattle had been lost and with them the means of livelihood of a great number of people who had been obliged to take refuge in the towns. Assistance was necessary to restore life to their region, put an end to the rural exodus and enable all the exiles to return home and resume a normal life.

26. The PRESIDENT invited the Council to consider the draft decision entitled "Arrangements for the mid-term review and appraisal of the United Nations Programme of Action for African Economic Recovery and Development 1986-1990" (E/1988/L.36), submitted at the 31st meeting.

27. He recalled that at the same meeting the representative of Egypt had proposed that the text could start with the words, "Pursuant to its decision 1988/148, the Economic and Social Council decides . . .".

28. Mr. PASHKEVICH (Byelorussian Soviet Socialist Republic), speaking as Vice-President in charge of informal consultations and other questions, proposed that the Council should adopt draft decision E/1988/L.36, as amended by the Egyptian proposal, which in his view improved the text.

29. Mr. PAULSEN (Norway) said he had no objection to the adoption of draft decision E/1988/L.36. However, it would be useful if the Council reached prior agreement on two points, namely, the length of the discussion in the *Ad Hoc* Committee of the Whole and the presentation of the results of the review in a single document. He would like a new series of informal consultations with Mr. Pashkevich on that subject. The decisions on those two points could either be the subject of a separate document or be incorporated into the text of the draft decision.

30. Mr. PASHKEVICH (Byelorussian Soviet Socialist Republic) said he was ready to resume informal consultations on those two points and, subject to the agreement of the Council, he would incorporate the decisions taken in the text of the draft decision.

31. The PRESIDENT said that, in those circumstances, he would defer consideration of draft decision E/1988/L.36.

AGENDA ITEM 2

General discussion of international economic and social policy, including regional and sectoral developments (*continued***)

32. Mr. BIELAWSKI (Poland), introducing the draft resolution entitled "Overall socio-economic perspective of the world economy to the year 2000" (E/1988/L.35) said that the Secretary-General's report on the subject (E/1988/62) was an excellent study of long-term economic and social trends which summarized the studies undertaken pursuant to a number of General Assembly resolutions, of which the earliest had been resolution 3508 (XXX) of 15 December 1975. The examination of short-term, medium-term and long-term trends had become increasingly important owing to the growing interdependence of all sectors of the world economy. At the time when preparations were being made to proclaim a new development decade and when it was proposed to elaborate a new international development strategy, it was necessary to consider international economic relations in a new light. That new approach should take account of various long-term scenarios. He considered that the Secretary-General's report was a valuable analytical tool made available to policy-makers by the United Nations. It was desirable to continue studies of that type and above all to take account of the conclusions which had already been drawn.

33. Turning to the draft resolution entitled "Confidence-building in international economic relations" E/1988/L.34, he said that the draft resolution took account of the major changes which had occurred on the international scene.

34. The third preambular paragraph referred to the Final Act of the seventh session of the United Nations Conference on Trade and Development[1] because it could be described as a first stage in a renewed dialogue between all the members of UNCTAD. Paragraph 27 of the Final Act was particularly pertinent in that it underlined that "interdependence would be a vehicle for transmitting and cumulating positive impulses". That implied that States had a common responsibility for action. The draft resolution was based on that concept. The purpose of the fifth preambular paragraph was to stress the need for reducing disparities and tensions, particularly in the area of trade, in order to eliminate protectionism and increase efforts to achieve a balanced liberalization in terms of trade. The sixth preambular paragraph which dealt with measures needed to reduce the vulnerability of the world economy, took up the words employed by CDP in its most recent analysis. Since then, the situation had scarcely changed and the world economy was still as vulnerable in the current conditions of interdependence. Hence, in order to manage interdependence, States should take concerted measures with regard to their participation in the international division of labour. The seventh preambular

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** Resumed from the 29th meeting.

[1] See 19th meeting, footnote 1.

paragraph took account of a major concern of a large number of delegations. The point dealt with in the eighth preambular paragraph responded to a concern which was also shared by the Secretary-General. The ninth preambular paragraph stressed the huge potential of the United Nations to promote various practical activities in support of the economic policies of Member States.

35. With regard to the operative part of the draft resolution, he said that many efforts had already been made and new initiatives had been undertaken to enhance confidence, security, predictability and stability in international economic relations. Such efforts must be continued, since confidence was an essential ingredient often lacking to ensure that promises would be fulfilled. Confidence was particularly necessary when it was a case of settling major development issues. That was the reason why all the States Members and bodies of the United Nations, and in particular UNCTAD, were invited in operative paragraph 3 to continue to exchange views on confidence-building and on ways and means of enhancing confidence. The time had come to take practical measures in that field and that was the purpose of operative paragraph 4, under which the Secretary-General was requested to establish an open-ended repertory of confidence-building measures. The paragraph largely took up the proposal made by Poland in a note verbale dated 25 September 1984.[9]

36. He thought that the United Nations needed both general and specific resolutions. Specific resolutions were necessary, for example, in respect of drought and technical assistance. The Council was the central body responsible for economic and social questions and he was convinced that the time had come to select, with the collaboration of all its members, a number of general guidelines.

Mr. S.B.M. Al-Khussaiby (Oman), Vice-president, took the Chair.

37. Mr. ZVEZDIN (Union of Soviet Socialist Republics), introducing the draft resolution entitled "Early warning of emerging problems in the world economy" (E/1988/L.38) on behalf of the sponsors, said that the title should be changed. The question of early identification of emerging problems in the world economy had been studied on various occasions by the Council, the General Assembly and other bodies, and several texts had been adopted on the subject. New problems appeared every day in international economic relations and it was highly important to identify the symptoms in good time.

38. CPC and ACC had studied the issue with particular attention at their joint meetings. Paragraph 36 of the report of the Chairmen of the two Committees (E/1988/79), relating to "Development of early warning and forecasting systems", contained a recommendation that a comprehensive early warning and forecasting system concerning emerging problems of the world economy should be set up within the United Nations. The Chairmen of the two Committees considered that there was still a gap in information and the ability to process it. They therefore thought it necessary to improve inter-agency collaboration in that field.

39. Accordingly, and recalling General Assembly resolution 32/197 and the importance of the question for all countries, particularly the developing countries, the sponsors proposed in operative paragraph 1 that the Council should emphasize the need to strengthen the capacity of the United Nations to provide early warning of emerging problems in the world economy, in particular those related to the development prospects of the developing countries. Operative paragraph 2 set out the activities of an interdisciplinary character that the United Nations should carry out in that area. Finally, in operative paragraph 3, the Secretary-General was requested to prepare a survey of the mechanisms available within the United Nations system for dealing with the question.

40. The implementation of the proposed measures would benefit all Member States. He pointed out that the Secretariat had valuable information communicated to it by Member States in reply to questionnaires on specific issues. It would be useful to bring about better co-ordination of such information with that available to the specialized agencies.

41. Mr. KHIARI (Observer for Tunisia) introduced, on behalf of the Group of 77, the draft decision entitled "Net transfer of resources from developing to developed countries" (E/1988/L.39). The purpose of the draft was simply to authorize the updating of the Secretary-General's report on the same subject (E/1988/64). It would be useful for the Council to be able to follow the evolution of a phenomenon which seriously impaired the capacity of developing countries to develop and to maintain the servicing of their foreign debt. The question was clearly important since nearly all the members of the Council had spoken about it during the general discussion of international economic and social policy.

42. Mr. AHMED (Under-Secretary-General for International Economic and Social Affairs) commented on the draft resolutions and the draft decision which had been introduced. Draft resolution E/1988/L.34 was indeed, as the Polish representative had said, a follow-up to earlier decisions. The Department of International Economic and Social Affairs was currently in touch with the Polish delegation to ascertain whether the draft resolution could be implemented during the current budgetary period; after those consultations it would be possible to submit to the Council a report on its financial implications. With regard to draft resolution E/1988/L.35, in which the General Assembly was invited to continue examination of long-term trends in economic and social development in order to prepare an international development strategy for the Fourth United Nations Development Decade, he thought that was a useful suggestion for the General Assembly.

43. He recalled, with regard to draft resolution E/1988/L.38 on the early identification of world

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[9] A/C.2/39/2.

economic developments, that by virtue of their mandate, it was incumbent on the United Nations and its specialized agencies to prepare overall surveys and analyses to assist Governments in directing their policies and decisions and that emerging problems were identified on that occasion. The Secretariat was not in a position to provide short-term forecasts of a precise nature and it would certainly have been unable to predict, for example, the widespread stock-market crash of October 1987. On the other hand, in a long-term perspective, the economic, demographic and social forecasts provided every year, particularly in the *Report on the World Economy,* were undoubtedly useful. Perhaps the information was not disseminated as quickly and widely as it should be; the draft resolution would make it possible to give effect to a joint recommendation of CPC and ACC and to fill gaps in the current system as far as the transmission of information was concerned.

44. Lastly, draft decision E/1988/L.39 on the net transfer of resources from developing to developed countries made it clear that the Secretary-General's report on the subject (E/1988/64) had undoubtedly contributed to winning acceptance for views which only a short while previously had been greeted with a certain scepticism by many Member States.

AGENDA ITEM 17

International co-operation and co-ordination within the United Nations system

CONSIDERATION OF THE REPORT OF THE DIRECTOR-GENERAL OF THE WORLD HEALTH ORGANIZATION ON THE GLOBAL STRATEGY FOR THE PREVENTION AND CONTROL OF AIDS

45. Mrs. BRUGGEMANN (World Health Organization) introduced the report of the Director-General of WHO entitled "Global Strategy for the prevention and control of AIDS" (E/1988/80, annex) which had been prepared in response to General Assembly resolution 42/8.

46. The global scope and impact of the world-wide AIDS epidemic had now become much clearer: as of 1 July 1988, a total of 100,410 AIDS cases had been officially reported to WHO from 138 countries in all continents. However, WHO estimated that the true number of AIDS cases might be closer to 250,000. Furthermore, WHO estimated that between 5 million to 10 million persons world-wide were currently infected by the human immunodeficiency virus (HIV) and that, given the way in which HIV-infected people developed AIDS over time, there would be about 1 million new cases of AIDS during the next five years.

47. The WHO Global Programme on AIDS in the framework of the Global Strategy had two major tasks: to provide global leadership and help ensure international collaboration and co-ordination; and to support national AIDS prevention and control programmes. Accordingly under that programme in 1987 WHO had provided technical and scientific support to policy-makers at over 40 meetings, had held technical consultations and had participated in the organization of international conferences, including the World Summit of Ministers of Health on Programmes for AIDS Prevention held in London from 26 to 28 January 1988, the WHO Australian Interregional Ministerial Meeting on AIDS, held in Sydney, the Pan-American Teleconference on AIDS, held in Quito, the Third and Fourth International Conferences on AIDS, held in Washington and Stockholm respectively, and the WHO/Japan Conference on Integrated Strategy for the Control of AIDS, held in Tokyo. Those conferences had made it possible to address complex issues relating, for example, to screening for HIV infection and the neuropsychiatric aspects of such infection. In view of the repercussions of AIDS at the social, cultural, behavioural, economic and demographic and consequently political levels, WHO had also focused research on those areas. The WHO Global Programme had provided support to national programmes that was unprecedented in speed and scope: as of 1 July 1988, technical visits had been provided to 137 countries, 106 of which had developed short-term national AIDS plans and about 30 which had completed a three-year to five-year national plan for AIDS prevention and control.

48. Pursuant to General Assembly resolution 42/8, the co-ordination of the activities of the United Nations system on AIDS prevention and control had been entrusted to the Under-Secretary-General for International Economic and Social Affairs, and he had set up a Steering Committee for that purpose. The Director-General of WHO, in consultation with the Secretary-General of the United Nations, had created the Inter-Agency Advisory Group on AIDS on which were represented, in addition to the United Nations Steering Committee, the specialized agencies involved with AIDS-related work, such as UNDP, UNICEF and UNFPA. Furthermore, the Director-General of WHO had invited the Administrator of UNDP to form a WHO/UNDP alliance to combat AIDS. The World Bank was collaborating with WHO in preparing economic impact studies, including the direct cost of AIDS (treatment) and its indirect costs (loss of social and economic productivity). The World Bank was also helping to find the necessary resources to implement national AIDS programmes. Co-operation with ILO had made it possible recently to hold a productive meeting on "AIDS and the work-place". The World Tourism Organization had undertaken to distribute a brochure prepared by WHO containing information on AIDS for the use of travellers. The participants in the Summit Meeting of Ministers of Health held in London in January 1988 had stressed in their common declaration the importance of information and education in the fight against AIDS and the need to protect human rights and dignity to ensure its success. The forty-first World Health Assembly, held in May 1988, had guided the Global AIDS Strategy in the same direction by adopting resolution WHA41.24, entitled "Avoidance of

discrimination in relation to HIV-infected people and people with AIDS", in which the Assembly urged member States "to protect the human rights and dignity of HIV-infected people and people with AIDS . . . and to avoid discriminatory action against and stigmatization of them in the provision of services, employment and travel".

49. WHO had had to mobilize considerable resources for its AIDS activities: in 1988 the organization would receive and fully utilize $66 million, of which two thirds was being used to support over 130 national AIDS programmes. On 1 December 1988 a "World AIDS Day" would be held to symbolize global awareness and involvement in the fight against AIDS. WHO was currently sending information to bodies active at the local, national and international levels and would shortly send them publicity material about AIDS to disseminate on "World AIDS Day".

50. Mr. AHMED (Under-Secretary-General for International Economic and Social Affairs) identified various stages in organized action to combat AIDS. Up to 1985, the global dimensions of the disease had been recognized but there had not as yet been any organized structure to deal with the problem at the international level. The launching of the Global AIDS Strategy on the initiative of WHO had marked the opening of the second stage: providing a permanent structure to help mobilize the international community, including the development agencies of the United Nations system. For developing countries, a significant step forward had thus been achieved. As the Director-General of WHO stated in his report (E/1988/80, annex), National AIDS Committees had now been established in over 150 countries, and 78 developing countries had elaborated short-term or medium-term national plans. In that connection it should be noted that preventive action had been integrated into existing family planning programmes and other national health care structures, the idea being to make maximum use of already established national capacities and programme infrastructures. Provided that support from donor countries and action by national organs co-operating with the United Nations system did not fall off, all interested countries should be able to have national AIDS programmes within a very short period.

51. There was currently emphasis not only on the epidemiological and biomedical aspects of the campaign but also on education and information which had to be as accurate and up-to-date as possible. There had been growing recognition of the social, economic and humanitarian aspects of the disease. It was at that stage that many other organizations of the United Nations system had begun to play their part in the Global Strategy. At United Nations Headquarters, he had been appointed to co-ordinate all the activities undertaken and had set up, as the WHO representative had stated a Steering Committee comprising the heads of all the relevant United Nations organizations and offices. The head of WHO's New York Liaison Office was an *ex officio* member. In addition, each participating body had established internal co-ordinating mechanisms. The Steering Committee and the various mechanisms had already met several times in 1988 and were now looking ahead to see how they could develop their co-operation still further in the short and medium term.

52. UNDP, within the terms of the WHO/UNDP Alliance to combat AIDS, UNICEF and UNFPA were devoting an important part of their activities within their fields of competence to the fight against AIDS. UNFPA was also co-operating with the United Nations Population Division in developing a demographic model on the economic and social aspects of AIDS. Other activities to combat AIDS and its effects were being planned by UNHCR and the United Nations Office in Vienna (through its Centre for Social Development and Humanitarian Affairs and the Division of Narcotic Drugs), the Department of Technical Co-operation for Development and the United Nations Centre for Human Rights, which was dealing with the protection of the human rights of infected persons and the issue of discrimination to which they might be subject. The Medical Directors of the United Nations organizations had also taken measures to deal with AIDS-related problems both for staff at the various headquarters and in collaboration with field offices of UNDP and UNICEF. The regional commissions would be called upon to co-operate actively in the implementation of the Global Strategy by collaborating with WHO and UNDP and perhaps also by convening regional meetings on AIDS prevention and control. He had also set about establishing close ties with non-governmental organizations which were involved on different aspects of AIDS and he had established a United Nations non-governmental co-ordinating group.

53. It was desirable to start laying plans for the third phase and, in view of the number of infected persons who within the five following years would develop AIDS or AIDS-related diseases, to begin to assess the effects of the global epidemic on societies and to work out different scenarios and appropriate policy alternatives. Researchers at the Harvard Institute of International Development were currently trying to quantify the indirect economic costs of AIDS; in 1995, some countries, due to premature deaths from AIDS, could lose 8 per cent of their GNP. In developing countries, balance-of-payments difficulties in particular were bound to worsen considerably.

54. However, there must be no giving way to defeatism; it was possible to conduct a preventive action against AIDS by means of education and public information. WHO had taken the lead in that operation, but other segments of the international community must also participate actively: in addition to the ongoing work on demographic projections which would assist developing countries to know what to expect, sociologists, lawyers and administrators must set about making specific surveys in the economic, social, political, legal and humanitarian fields. In view of its capacities, experience, international outreach and ob-

jectivity, the United Nations was uniquely situated to play a critical role in that multisectoral effort. If it had the support of the Council and the General Assembly, the United Nations pledged itself to spare no effort to respond fittingly to the course for action from the international community.

The meeting rose at 1.05 p.m.

34th meeting

Thursday, 21 July 1988, at 10.20 a.m.

President: Mr. Andrés AGUILAR (Venezuela)

E/1988/SR.34

AGENDA ITEM 2

General discussion of international economic and social policy, including regional and sectoral developments (*continued*)

1. Mr. KORN (United States of America) introduced the draft resolution entitled "Entrepreneurship in economic development" (E/1988/L.40), on behalf of its sponsors: Canada, the Federal Republic of Germany, the United Kingdom and the United States of America, subsequently joined by Japan.

2. The Council had before it a report by the Secretary-General entitled "Indigenous entrepreneurs in economic development" (E/1988/63), which showed the vital nature of their role. Entrepreneurs were in the forefront of economic and technological progress in both the developed and the developing countries. The report also indicated what many countries were attempting to do to stimulate entrepreneurial creativity and innovation for the benefit of national economic development. The extremely important ideas that the report presented to the Council were reflected in the preambular section of the draft resolution.

3. In the operative section, the sponsors were seeking to encourage the continuation of the work that the United Nations system was undertaking in that field. The principal objective was to determine how the countries concerned could develop their legislative and regulatory frameworks to provide an environment conducive to entrepreneurial development. There was also a need to assist countries seeking innovative techniques to provide additional sources of finance for entrepreneurs, since the lack of resources remained a major obstacle to small-scale businessmen. The requisite guidance and assistance should also be made more widely available within the United Nations system for countries that had chosen to promote a spirit of enterprise.

4. The sponsors recognized that the United Nations, as well as private non-governmental organizations, were already playing a positive role in that respect. With a view to stimulating an in-depth debate on that issue at the second regular session of the Council in 1989, they were proposing the inclusion on its agenda of a separate item entitled "Entrepreneurship in economic development" and, to that end, were requesting the Secretary-General to submit a follow-up report on the subject. They hoped that the draft resolution would be adopted by consensus.

5. Mr. AHMED (Under-Secretary-General, Department of International Economic and Social Affairs) was pleased to note that the report by the Secretary-General (E/1988/63) had been found useful by the sponsors of draft resolution E/1988/L.40, though in fact it was still only an outline, in view of the small amount of time and resources that it had been possible to devote to it. However, the Secretariat was currently engaged in programmes and studies on savings and loans and on capital formation in the developing countries, for example, which could form the basis for a more extensive report on the question. With regard to the steps that could be taken to assist the developing countries concerned to promote an entrepreneurial spirit, the Department of International Economic and Social Affairs, in collaboration with UNDP and the Department of Technical Co-operation for Development, was planning to organize local seminars at which ways and means for the greater mobilization of entrepreneurs in the developing countries would be studied. The Department had also approached potential donors. However, no firm commitment had yet been made. With the support that would be reflected in the adoption of the draft resolution by the Council, the Department would undoubtedly be able to do more to mobilize local entrepreneurs in the interest of development.

AGENDA ITEM 17

International co-operation and co-ordination within the United Nations system (*continued*)

CONSIDERATION OF THE REPORT OF THE DIRECTOR-GENERAL OF WHO ON THE GLOBAL STRATEGY FOR THE PREVENTION AND CONTROL OF AIDS (*continued*)

6. Mr. MARTIN (United Kingdom) said that, after hearing the representative of WHO (33rd meeting) and reading the report by WHO's Director-General (E/1988/80, annex), no one could doubt the scale of the threat that AIDS posed to the world as a whole: in 1987

the number of cases reported in Europe had more than doubled, and in the United Kingdom it currently took only 10 months for the number of cases recorded to double. Although some parts of the world were still relatively unaffected, the global dimension of the problem was universally recognized.

7. Action was needed at several levels. Firstly, at the international level, the Global Programme launched by WHO was fully supported by the United Kingdom, which had pledged £7.75 million, together with an amount of £4.5 million from the overseas aid budget, to support national AIDS control programmes. WHO's efforts, which were well documented in the Director-General's report under consideration, should be continued with the support of all the component parts of the United Nations system. In particular, his delegation welcomed the alliance between WHO and UNDP, which had come into effect at the beginning of 1988.

8. Since the ramifications of the problem were becoming more complex and alarming from all viewpoints, including those of productivity and manpower, budgetary resources and the national health services, which might not be equipped to cope with the pandemic, subsidiary action must also be taken at the national level. As the Director-General of WHO emphasized in paragraph 63 of his report: "Every country in the world needs a comprehensive national AIDS programme. Ultimately, AIDS cannot be stopped in any one country unless it is stopped in all countries". For the past two years, the Government of the United Kingdom had been conducting a major long-term public education campaign, which was essential in order to bring about the requisite behavioural changes. His Government had already spent £22.5 million on that campaign, and appropriated a further £10 million for it in 1988.

9. It would be useful for the General Assembly to consider the question once again in 1988. The United Kingdom, together with other delegations, intended to table a resolution whereby the Council would endorse the efforts already made by the United Nations system pursuant to the resolutions that the Council and the General Assembly had adopted in 1987; transmit the report of the Director-General of WHO to the General Assembly; and invite the General Assembly to take appropriate decisions as to how the United Nations system should respond to the threat of AIDS. His delegation hoped that the resolution would be adopted by consensus.

10. Mr. BABINGTON (Australia) expressed the view that the international community had reached a crucial point in the fight against AIDS. In 1987, a considerable effort had been made to establish intergovernmental machinery for its control. At its forty-second session the General Assembly had recognized the urgency of the problem, and WHO had adopted a Global Programme to co-ordinate international endeavours to solve it. Since then there had been a steady increase in the number of activities undertaken by the various organizations within the United Nations system and also in the number of discussions and major conferences, such as the World Summit Meeting of Ministers of Health held at London in January 1988. The danger was that, once those activities and programmes had been included as regular items on the international agenda, the international community would lapse into complacent self-satisfaction. Meanwhile, the incidence of the disease was increasing ever more rapidly and there was little hope that scientists would be able to develop a vaccine or even a curative treatment in the near future.

11. It was important that international efforts to prevent and control the spread of AIDS, backed by properly co-ordinated information and education programmes, should be assured of the continuous and active support of the international community through the maintenance of a high level of political will. Accordingly, it was appropriate that the issue should remain in the forefront of the Council's concerns and his delegation fully supported the draft resolution introduced by the representative of the United Kingdom.

12. Mr. DIETZE (German Democratic Republic) said that the Council was justified in taking up for the second time the problem of AIDS, because it had assumed world-wide scope and was of equal concern to the countries of the East, the West and the South. The world was faced with an epidemic which, unlike most other diseases, had social, humanitarian and economic as well as medical aspects. The fight against AIDS therefore necessitated co-ordinated action by a large number of United Nations bodies and organizations, as proposed in the report of the Director-General of WHO (E/1988/80, annex), the lead agency. The Council was therefore competent to consider both the substance and the co-ordination of those endeavours.

13. The action that had been taken revealed a high degree of realism and, in regard to public information and education, particularly among the young, the United Nations system had already done much to limit the spread of the disease. The bilateral and multilateral co-operation that had developed among States, as could be seen from the four international conferences held to date and from the World Summit of Ministers of Health held at London, was a valuable complement to WHO's activities.

14. The German Democratic Republic fully supported those international endeavours and, for its part, was engaged in active research on AIDS, partly in co-operation with Eastern and Western European countries. It had also adopted, in 1987, a national programme for the prevention and control of AIDS and had formed a national AIDS committee.

15. The German Democratic Republic had co-sponsored Council resolution 1987/75, General Assembly resolution 42/8, and resolution WHA41.24 of the World Health Assembly, entitled "Avoidance of discrimination in relation to HIV-infected people and people with AIDS". His delegation was ready to continue sponsoring all initiatives directed to the same ends.

16. Mr. KORN (United States of America) said that three different vaccines were at present undergoing phase one testing in the United States and there were a number of new agents to combat the opportunistic in-

fections to which AIDS sufferers were exposed. More than 100 treatment agents to combat the syndrome itself were also regarded as promising. Meanwhile, as a result of the massive education campaigns that had been launched, there had been a sharp decline in the number of new cases reported in some high-risk groups. However, in spite of those few promising developments, there was still only one medicine, AZT, which could prolong the life of some patients. In some groups, such as drug abusers, the number of new cases was constantly increasing. It was estimated that, during the next three years, the United States could expect to have nearly 300,000 cases of AIDS in the active phase.

17. The problem was a threat to socio-economic stability in all the Member States, since most of the victims were between 20 and 50 years old. The fight against AIDS, which must be considered an obligation on the part of the international community, necessarily depended on the principle of respect for the civil and human rights of the infected persons. The campaign must be guided by the principles of confidentiality and non-discrimination because, apart from anything else, those principles made sense from a public health standpoint. People who feared that, if they admitted having been exposed to AIDS, they would be discriminated against would resist testing and not seek medical advice.

18. Resolved as it was to participate in the fight against AIDS until final victory, the United States was in favour of continuing to assign the leading role to WHO, since that organization was eminently qualified to direct the fight, particularly in the co-ordination of research and in education. WHO and UNICEF must intensify their campaigns to ensure that only sterilized syringes were used in health facilities throughout the world. The United Nations system must also increase its efforts to combat drug abuse and, most importantly, the entire system must endeavour to educate the public about the sexual mode of transmission of AIDS. For the moment, the best way to limit the spread of the disease still lay in the use of condoms.

19. With a view to promoting international collaboration and full support for the endeavours of WHO, his delegation would support the draft resolution introduced by the United Kingdom.

20. Mr. KERKINOS (Greece), speaking on behalf of the member States of the EEC, emphasized that the AIDS pandemic had not only epidemiological and scientific but also multisectoral and multidisciplinary dimensions and a wide variety of repercussions. He thanked WHO for its initiative in organizing the multilateral and national responses, which were both essential. The EEC fully supported the Global Programme on AIDS launched by WHO on 1 February 1987, and also welcomed the WHO initiative in declaring 1988 a year of national and international communication and co-operation on AIDS and in designating 1 December 1988 as World AIDS Day.

21. The efforts to mobilize the international community had been significantly strengthened by the World Summit Meeting of Ministers of Health held at London, the conclusions of which were supported by the EEC. In particular, the Summit Meeting had recognized that information and education programmes should be aimed at the general public and should take full account of social and cultural patterns, different life styles and human and spiritual values. The member States of the EEC had also held a ministerial meeting on 31 May 1988, at which they had noted with satisfaction that they were pursuing homogeneous policies in the fight against AIDS, in accordance with the common approach outlined during their meeting in 1987. In particular, the members States of the EEC were ensuring complete freedom of movement of persons and equality of treatment. They had reaffirmed their commitment to the following principles: since AIDS was a public health problem, the fight against it must be integrated into national health policies; in combating AIDS, absolute priority must be given to prevention through health information and education; in regard to prevention, any policy of systematic and compulsory screening was ineffective; any discrimination against or stigmatization of persons infected by HIV, particularly as regards employment, must be avoided.

22. The forty-first World Health Assembly had adopted an important resolution to that effect; the Assembly had called for protection of the human rights and dignity of HIV-infected people and for collaboration with all governmental and non-governmental, national and international organizations and voluntary bodies in promoting the Global Strategy for the Prevention and Control of AIDS. The Council should endorse that resolution and urge all the parties concerned to support the struggle against AIDS, in close collaboration with WHO. The Council would have before it a draft resolution, introduced by the United Kingdom, which the member States of the EEC strongly supported and hoped would be adopted by consensus.

23. Mr. GJESDAL (Norway) speaking on behalf of the Nordic countries, said that, since AIDS was first identified in 1981, the disease had assumed the proportions of an extremely serious pandemic and had become a social and economic as well as a medical problem. As it would probably be years, if not decades, before effective vaccines and treatments were available, the only way to curb the spread of the infection was to provide individuals, groups and decision-makers throughout the world with advice and information on how to avoid its transmission and how to deal with its consequences.

24. To that end, there was an obvious need for concerted international action. The Nordic countries commended WHO for its swift and efficient response to that new health problem and fully supported its Global Programme on AIDS. The report by the Secretary-General (E/1988/80, annex) showed the broad approach taken and the high level of activity within the context of the WHO Global Strategy. The Fourth International Conference on AIDS, which had been co-sponsored by WHO, was a good example of the fruitful co-operation that was taking place under its auspices. The Nordic countries were convinced that the United Nations

system was capable of ensuring urgent world-wide action and, in particular, felt that there was a vital need for practical action and technical assistance with a view to developing national action plans for the prevention and control of AIDS. They were contributing substantial amounts to the Global Programme, and were also providing bilateral assistance on AIDS in close collaboration with WHO and national AIDS committees. Finally, in view of the importance of the co-ordination process, they welcomed the entry into force of the policy paper on the WHO/UNDP alliance to combat AIDS.

25. The Nordic countries were concerned at the travel and immigration restrictions that had been introduced in a number of countries and which could have very serious side-effects. Whereas such restrictions were hardly likely to curb the spread of HIV infection from one country to another, they would be detrimental to the right of freedom of movement between countries. It would be preferable to allocate financial and manpower resources to the efficient counselling of HIV-infected persons so as to secure their co-operation, and to the launching of education and information campaigns to enable the population to protect itself against the risks of infection.

26. The Nordic countries regarded the question of obligatory testing and restrictions on movement as part of the broader issue of safeguarding the human rights of persons carrying the virus. The AIDS pandemic had helped to highlight the present deficiencies in health care and social support for patients. In that regard, the Nordic countries had noted with satisfaction that the WHO Strategy stipulated that persons suspected of being or known to be HIV-infected should remain integrated in society as far as possible and should be helped to assume their responsibilities. Discrimination against them would be unjustified in public health terms and would jeopardize educational and other efforts to prevent the propagation of HIV and its demographic and economic consequences, for AIDS was also a threat to social and economic development, to persons in the most productive phase of their lives, and to family life.

27. The fight against AIDS required substantial national and international resources, so it was absolutely essential that all Governments, regardless of the incidence of the disease in their country, should combine their efforts and that the United Nations agencies should undertake concerted action in that field. The infection was continuing to spread and there was a crucial need to pool all the financial, social and technological knowledge and resources in the struggle against a common enemy.

28. Mr. MAJOOR (Observer for the Netherlands) said that the phenomenon of AIDS, which had rapidly become a principal subject of concern to WHO, constituted a test of the international community's ability to cope with a threat of world-wide dimensions and would probably have significant long-term effects on society and on the behaviour of individuals. It presented a number of special aspects, such as its currently incurable nature, which had shaken confidence in the therapeutic powers of modern medicine; the fact that young people, in particular, were faced with the risk of dying in the prime of life; its high incidence in the most productive age brackets; the need to reassess some norms and values in regard to sexuality; the obligation that lay on all Governments to re-evaluate their health and social welfare systems; and the revelation of present weaknesses and prejudices in the social and human rights fields. Consequently, the disease was unprecedented in the magnitude and diversity of the problems that it raised.

29. In the Netherlands, the number of patients was increasing rapidly and would probably reach 1,200 in 1989. In face of those sobering forecasts, the Government had developed a policy aimed at containing the spread of HIV infection by disseminating information among the general public and several risk groups.

30. Since the modes of transmission of the infection were basically the same throughout the world, the information to be provided on that subject was relatively simple. Joint efforts were nevertheless essential in order to establish a policy that would effectively limit the impact of the disease, ensure the widest possible prevention, and obviate any misunderstandings or exaggerated fears among the public.

31. On that last point, the Netherlands Government was concerned that AIDS might threaten the principle of freedom of movement, communication and international exchange and would find it regrettable if some countries were to diverge from the policy on testing that had been explicitly defined by WHO. More acute problems of discrimination were beginning to arise in various regions of the world, including the Western countries, and the medical aspects of the disease were often exacerbated by the social toll that it exacted. There too the international community must endeavour to dispel senseless apprehensions and encourage continued respect for fundamental human rights. Discrimination must be combated just as resolutely as AIDS itself. Finally, in view of the global nature of the problem, co-ordination was needed at the international level. The responsibility therefore lay primarily with WHO and he accordingly hoped that the Council would adopt the draft resolution, prepared by the United Kingdom, which it would be called upon to recommend to the General Assembly.

32. Mr. FEDOROV (Union of Soviet Socialist Republics) expressed his satisfaction with the report by the Director-General of WHO (E/1988/80, annex), since it contained a good analysis of the situation that had arisen throughout the world owing to the development of AIDS, together with a detailed account of the measures that had been taken to combat that infection. The prevention of AIDS and the fight against that disease required concerted efforts on the part of all the international organizations, for AIDS involved not only medical but also economic, social, ethical, psychological and other problems that had a bearing on all aspects of social life. In that regard the Council should reaffirm in its resolution the directing and coordinating role that WHO should play.

33. Considerable attention was being paid to the problem in the USSR. In August 1987 the Presidium of the Supreme Soviet had adopted a decree concerning measures for the prevention of AIDS and had requested the Council of Ministers to take all necessary steps to promote international co-operation with a view to preventing and limiting the transmission of the disease. A number of regulations had also been promulgated to protect the rights of AIDS sufferers and HIV-infected persons as well as the right to health of society as a whole. An epidemiological surveillance system had been established for blood donors and some population groups, including foreigners and Soviet citizens who had lived in countries that were particularly affected, together with a wide network of laboratories for the diagnosis of HIV. By 31 May 1988, more than 8 million persons, including 6 million blood donors, had been examined and 328 persons, including 271 foreigners, found seropositive. In the USSR, four cases of AIDS had been recorded, one of which concerned a Soviet citizen.

34. In view of the lack of effective means for treating and preventing AIDS, the Soviet Union attached considerable importance to public information, particularly addressed to young persons. Biomedical research was also being conducted on a large scale in all fields relating to AIDS.

35. In his message to the forty-first World Health Assembly, the President of the Council of Ministers of the USSR had commended the activities of WHO, which had done all it could to co-ordinate the efforts of States, of national and international organizations and of the medical profession to control the new scourge. He had also expressed his satisfaction at the rapid putting into operation of the Global Programme on AIDS, to which the Soviet Union would continue to accord the widest possible scientific and material support. The USSR urged the international community to promote multilateral and bilateral co-operation between specialists in AIDS. WHO should take additional steps to strengthen and expand the network of research institutions dealing with the problem in various countries with a view to further improving the procedures for co-ordination of research and to promoting exchange of information and experience between the various institutions. His delegation supported the plan to provide national institutions, free of charge, with the standard diagnostic reagents and other equipment needed for medical and biological research on AIDS. The holding of World AIDS Day should provide an opportunity to assess the activities of States in the fight against the disease and evaluate the contribution made by international organizations to that effort.

36. Mr. WANG Baoliu (China) noted with satisfaction that, faced with the rapid spread of AIDS to all continents, WHO had formulated a global strategy for the prevention and control of the disease. The consideration of the problem at the current session of the Council would draw greater international attention to it and make for better co-ordination of efforts at the national level.

37. China believed that, with AIDS as with other contagious diseases, priority should be accorded to prevention. There was a need for extensive education and dissemination of knowledge, as also for increased international co-operation in the exchange of information and experience. Accordingly, in recent years the Chinese Government had taken the following measures: the establishment of a national agency for the prevention of AIDS; the promulgation of regulations concerning the surveillance of that infection; the formulation of a national programme for the co-ordination of activities in regard to guidance, education, personnel training, scientific research etc.; the classification of AIDS as a notifiable contagious disease; and research studies aimed at preventing and curing the disease by various methods, including Chinese traditional medicine. China was also ready to contribute actively to international co-operation and to collaborate with all the other countries and international agencies concerned, with a view to the effective prevention and control of AIDS throughout the world.

38. Mr. ARMERDING (United Nations Educational, Scientific and Cultural Organization) said that his organization's interest and involvement in the fight against AIDS had begun at the fortieth session of the International Conference on Education, held at Geneva in December 1986, after which UNESCO had immediately established contacts with WHO. As a result, the two agencies were implementing a joint co-operative programme for preventive AIDS education and suggestions concerning other fields of competence of UNESCO were currently being studied. A comprehensive examination of the implication of AIDS in sectors falling within the sphere of its activities had shown that UNESCO had an obligation to promote preventive education in schools. Early education of young persons on the dangers posed by the epidemic and the means to avoid them was a key element in the struggle to prevent the extension of that bane. It was also universally recognized that UNESCO possessed experience in fields such as health, population, sexuality, family life and environmental and drug abuse prevention education, and also commanded resources (a network of regional offices and advisers, contacts within the educational systems of member States and agreements with numerous non-governmental organizations), which enabled it to make a substantial contribution to the achievement of the objectives of the Global Strategy. Its projected activities were spelled out in its Plan of Action in Education for the Prevention of AIDS, which had been approved by its General Conference on 13 November 1987.

39. In the operational sphere, WHO and UNESCO intended to collaborate in the establishment of UNESCO Headquarters of a documentation centre on school AIDS education activities and programmes, which would be responsible for the collection and analysis of documents, the conduct of comparative studies, the publication of annotated bibliographies, the development of information material and, in general, the promotion of interest in AIDS education in schools and the

provision, wherever needed, of guidance in the preparation of school materials appropriate to the sociocultural contexts in which they were to be used. In the longer term, the two organizations also intended to address issues such as the integration of AIDS education into teacher-training programmes.

40. All those activities were being, and would continue to be, carried out with the financial support of WHO and, in that connection, he thanked the Director of the Global Programme on AIDS for the grant of $144,900 to UNESCO for the implementation of AIDS education activities over an 18-month period beginning in April 1988. He also expressed gratitude to the Executive Director of UNFPA for helping to finance 10 posts for regional population education and communication advisers, who would be playing a leading role in any action undertaken at the regional and national levels. UNESCO also hoped that it would soon be co-operating with the WHO/UNDP Alliance to Combat AIDS. Lastly, in April 1988 WHO and UNESCO had organized a briefing on the world-wide impact of AIDS for the staff at UNESCO Headquarters and regional offices and for representatives of UNESCO-associated non-governmental organizations.

41. UNESCO was aware of the urgent need to provide education authorities with information and suggestions on the contribution that education should and could make to the prevention of AIDS. However, there was also a need to deal with the human, social and moral problems to which the pandemic was giving rise in the school environment. AIDS education should therefore also be aimed at preventing discrimination against some groups that were, or were presumed to be, at risk, and should help to provide each society with an opportunity to clarify its values, to teach new life-styles and to establish a social framework such that the threat of AIDS could be averted. UNESCO welcomed the opportunity to face those challenges under the auspices of the WHO Global Programme and was ready to co-operate with all the other organizations and countries concerned.

42. Mr. GUENOV (Bulgaria) observed that the phenomenon of AIDS was becoming ever more widely recognized as the most serious problem facing the health sector, but that it also raised numerous social, moral and even political issues that directly affected the rights and freedoms of the individual. Apart from its complexity, it also constituted a world-wide danger. The forecasts and evaluations contained in the report of the Director-General of WHO (E/1988/80, annex) were in that regard alarming, but they must form the basis for the formulation of an appropriate policy to combat the disease, which transcended national frontiers and struck without distinction of sex, religion or opinion. The global nature of AIDS required global efforts and concerted action at the country, regional and international levels.

43. Bulgaria already had an effective strategy to combat AIDS, in which health education was combined with compulsory epidemiological surveillance of all the groups at risk. Specialized medical centres had been established and about 10 per cent of Bulgarian citizens had already been examined. To date, 59 cases of seropositivity, one case of AIDS and one death from the disease had been recorded.

44. According to the epidemiological data, Bulgaria was in the early stage of the epidemic process caused by the virus HIV-1. It was in control of the situation for the moment, but envisaged a geometrical progression in the scale of its efforts. His country considered that three important principles must be observed in regard to persons carrying the virus: they must be guaranteed access to employment and legal protection against discrimination; conditions must be created in which they would feel that they were full members of society; and they must be provided with appropriate health care free of charge.

45. Bulgaria regarded international co-operation as essential in the battle against AIDS; it was therefore participating actively in the WHO Global Programme, and the activities undertaken by the competent international organizations, and was being visited by WHO experts. At the end of 1988, Bulgaria would be hosting a WHO conference on the psychological and social aspects of AIDS control.

46. Mr. BONEV (United Nations Development Programme) said that it was clear that AIDS was just as much a social, economic and political as a medical and scientific problem. Its consequences were already a matter of concern to virtually all the countries of the world, with the likelihood of fivefold to tenfold increases in the number of cases in some countries during the next five years. In some of the poorest developing countries, the death rate from AIDS among young or middle-aged adults could equal or exceed the number of deaths from all other causes by the early 1990s. Excluding the increasing number of children who would succumb to AIDS, deaths would generally occur in the 20-40 year age group, thereby depriving countries already desperately lacking in human resources of their most productive citizens. To that must be added the enormous cost of health care for Governments whose health services were already facing severe constraints. Finally, apart from the human and financial resources of which they would be deprived by AIDS, the poorest countries would have to bear the indirect economic costs of lost years of production. Their GNP would decline and they would have to review their development priorities and defer or eliminate vitally needed programmes. It was therefore easy to understand why UNDP, which had been established to promote development, attached particular importance to international co-operation in that field.

47. The United Nations system had responded very rapidly, under the leadership of WHO, to the challenge posed by AIDS, especially in the developing countries. Its two fundamental objectives in the prevention and control of AIDS were to develop and implement strong national prevention and control programmes and to ensure international leadership, co-ordination and co-operation. WHO, with its Global Programme on AIDS, was taking the lead in that respect and the other

organizations within the system were complementing its activity in their respective fields of competence. For its part, UNDP would do its best to ensure co-ordinated and coherent action in the field.

48. On 29 March 1988, WHO and UNDP had officially concluded an agreement known as the WHO/UNDP Alliance to Combat AIDS (see E/1988/80, annex, appendix II). Under that agreement, the UNDP resident representatives in the 112 field offices throughout the world would pool the Programme's experience in multisectoral socio-economic development with the health-related technical and scientific expertise of WHO in order to help the developing countries initiate, implement, monitor and evaluate national AIDS prevention and control plans. UNDP would also be endeavouring to ensure that all inputs from the United Nations system were co-ordinated and that AIDS plans were integrated within each country's overall development priorities. At the country level, UNDP was also financing various activities, to the value of several million dollars, with a bearing on AIDS control. At the international level, the Governing Council of UNDP, at its special session in February 1988, had approved, by its decision 88/5, a global project entitled "Global Blood Safety Initiative", the purpose of which was to ensure a supply of uncontaminated blood throughout the world in order to stem the spread of AIDS and other diseases. Specifically, UNDP was providing seed money—$700,000 in that particular case—to establish a consortium of organizations which, working in collaboration with Governments, would seek to ensure that blood supply systems were fully sustainable and that every country had safe blood banks and transfusion procedures. The Governing Council had approved, in the same decision, another global project, entitled "UNDP/WHO Financing Facility". UNDP had already committed about $3 million to helping WHO play its leading role in that crucial global effort.

49. Mrs. BRUGGEMANN (World Health Organization) said that the statements that had so far been made were indicative of the international community's desire to adopt a common framework for co-operation in the fight against AIDS and for the international co-ordination of activities in that field. However, it was also evident that the responsibility for combating the disease lay with the Governments themselves and that the assistance that would be provided by the United Nations system could only complement national endeavours. She welcomed the fact that the need for sustained action had been recognized, for the problem of AIDS would not be overcome in a year. For the moment, the disease was incurable, and the discovery of an effective treatment was still hopefully awaited. The key word remained "prevention" and the international community might have to sustain its endeavours for a long time to come; it was therefore essential to ensure the continuity of resources, since prevention, information and education were the only means currently available to combat the disease.

50. She shared the view that all discrimination must be avoided in the fight against AIDS. The desired result would not be achieved by accusing or marginalizing individuals, population groups or geographical sectors. WHO was interested in finding out how to cure the disease, not where it had started. As various delegations had already pointed out, greater efforts must be made to co-ordinate research; WHO would endeavour to act as a neutral intermediary for the exchange of information on AIDS and particularly on negative results of research.

51. She awaited with interest the consideration of the draft resolution introduced by the United Kingdom and welcomed the offers of support and collaboration made to her organization by Governments and by the United Nations system.

AGENDA ITEM 5

International development strategy for the fourth United Nations development decade

52. Mr. AHMED (Under-Secretary-General for International Economic and Social Affairs) said that the climate of uncertainty and the immediate and short-term policy concerns with which Governments had been faced in recent years had clouded the long-term view which, however, was essential to stable and sustained development. Moreover, those immediate concerns had prevented full advantage from being taken of the growth potential of the world economy. Nevertheless, as a new millenium drew nearer, a growing concern with the longer-term future could be perceived. By its resolution 42/193 of 11 December 1987, the General Assembly had decided to consider at its forty-third session the preparation of a new international development strategy for the next decade. That decision had been preceded by a call from the Brundtland Commission for sustainable development, which the Assembly had endorsed.[1]

53. Most long-term projections were looking towards the end of the century and beyond. On 11 December 1987 the General Assembly had adopted resolution 42/186 entitled "Environmental Perspective to the Year 2000 and Beyond." At its current session, the Council had before it the summary of the report by the Secretary-General on the socio-economic prospects of the world economy to the year 2000 (E/1988/62), which gave an overview of the long-term trends in the economic and social fields. The Department of International Economic and Social Affairs had also completed its 1988 forecast of long-term demographic trends to the year 2025 and various organizations within the United Nations system were engaged in research on trends in agricultural and industrial production, trade, capital flows, employment, health, education and a host of other issues. However, all those efforts needed to be brought together in an overall framework.

54. There was growing recognition that the interdependent and complex nature of the problems facing the

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[1] See 19th meeting, footnote 5.

world economy required an integrated approach and a longer-term policy orientation. It was not surprising, therefore, that the response of the United Nations system to General Assembly resolution 42/193 had been a general consensus in favour of a new strategy. However, that did not mean that the value of a new strategy had been accepted unquestioningly. On the contrary, there was a widespread feeling that past experience must be learned from, not repeated. Consequently, if the new strategy was to remain relevant and obtain the support of all Governments during the coming decade, it would need to be formulated along different lines. First, the value of global macro-economic targets had been questioned and, although the need to establish quantitative targets and specific goals had been recognized, greater flexibility had been deemed necessary to take account of changing circumstances and priorities. Secondly, in view of the growing integration and interdependence of world production, trade and financing, it was no longer possible to formulate meaningful development strategies without taking into more direct consideration the problems relating to the management of the world economy. Hence, any new strategy should be global in scope and should reconcile the interests of all countries. However, the view had also been expressed that a global approach would deprive the strategy of much of its value as a guide to policy formulation. Perhaps, then, the new strategy could be built around a unifying theme, such as the development of human resources or the alleviation of poverty.

55. The regional dimension was another aspect that deserved particular attention. The new strategy must take into account the problems, priorities and needs of the various regions, as determined by the regional commissions in close consultation with Governments and regional and subregional organizations. If the strategy was rooted in national and regional concerns and based on the common perceptions of all countries, it would be better accepted as a policy instrument at both the national and the international level.

56. Mr. RUTANEN (Observer for Finland), speaking on behalf of the Nordic countries, said that the Secretary-General's report entitled "Preparation of a new international development strategy" (E/1988/67) clearly showed why, after extensive consultations, broad support for a new strategy had emerged. The Nordic countries agreed with most of the report's findings.

57. The international community would certainly continue to be faced with many fundamental development problems. Since all those problems must be viewed from a long-term standpoint, a new international development strategy would help the international community to meet the challenges that they posed. The preparatory stages of a new development strategy would provide an opportunity to revitalize the role of multilateralism in the 1990s. A number of factors argued in favour of a longer-term approach to development problems. Governments should be given an opportunity to look beyond their immediate concerns and take a longer view of development. Moreover, although it was recognized that each country was responsible for its own development, increasing interdependence and constantly changing economic circumstances constituted a good reason for Governments to take a joint look at the future of development. Finally, the early stages of the preparations would offer an opportunity to develop and strengthen the consensus that already existed in various sectors; a strategy formulated in that way would make it possible to renew commitments to international co-operation for development.

58. Although the atmosphere of the 1980s did not augur very well for the new decade and its development strategy, there were nevertheless some positive factors and trends. The developing and developed countries were already discussing development challenges in a more open and realistic manner and changing perceptions of development were emerging. The 1980s had also seen a proliferation of new technology and a speeding up of communication, which permitted almost unlimited and instantaneous dissemination of information. Those were indispensable tools, not only for giving immediate warning of potential economic or social shocks, but also for ensuring greater public understanding of development issues and strategies.

59. The Nordic countries shared the opinion expressed in the Secretary-General's report that the usefulness of a new international development strategy would depend on its being formulated in a manner appropriate to the current world economic situation. Consequently, the design of the new strategy should differ appreciably from that of the previous one. Much larger amounts of external financing would be necessary, particularly those provided on highly concessional terms for the poorest countries, since under-funded structural adjustment programmes might collapse. Again, the protection of vulnerable social groups against the adverse effects of adjustment programmes, and investment in human resources, were just as vital to economic growth as was material investment. As indicated in the Secretary-General's report, quantitative targets were being questioned widely. The Nordic countries shared the opinion that, if the strategy was to remain flexible, a new and complex system of ambitious targets must not be created. Nevertheless, they considered that ODA targets were still valid and should be reconfirmed and that, for the 1990s, the international community should establish qualitative indicators that would make it possible to anticipate problems and obstacles that might impede growth and sustainable development. In other words, there should be a monitoring mechanism that would facilitate appropriate and early action to counter significant deviations.

60. The Nordic countries agreed with the Secretary-General that the new strategy should be more modest in its objectives and more ambitious in terms of action. Careful consideration should also be given to the strategy's time-span. In particular, it was important to ensure that it should take into account the different needs of the various countries, subregions and regions. As the Secretary-General had said, a separate review and assessment of the present strategy was not

necessary. However, sufficient time should be allowed for careful studies and preparations. Fresh approaches should also be proposed that would attract the attention not only of decision-makers, but also of the general public. The active involvement of Governments at the policy-making level was naturally of crucial importance for the firm implantation of a new strategy in national and regional policies, projects and perceptions. The economic, social and even monetary issues raised by the new strategy should be discussed in depth.

61. The Economic and Social Council should be able to recommend to the General Assembly feasible procedures and time-tables for the initiation of the new strategy. In that connection it was important to ensure that the United Nations agencies played an active role in the preparation and follow-up of the strategy.

62. Mr. SHABAN (Egypt) said that the Council should now focus all its attention on the form, content and objectives of a new international development strategy for the 1990s. That strategy should be realistic and should take into account the current interdependence between States and interrelationship between issues. It should constitute a pact between all the actors on the international scene, in the interests of all, in such a way as to facilitate the achievement, through realistic commitments, of equally realistic objectives. It should promote collaboration between all States and also within the United Nations system. Finally, it should set the objectives to be achieved during the next decade and beyond in the short, medium and long-term perspectives.

63. The new strategy would undoubtedly have to be viewed in a totally different light from its predecessors. The debt crisis and the net transfer of resources from the developing to the developed countries were phenomena that would undoubtedly continue throughout the 1990s. Accordingly, the adoption of fixed or rigid targets had become unrealistic in view of the volatility and uncertainty of the world economy. One of the principal objectives of the new strategy would be to cope with the debt crisis and all the problems that it had created. It must also reorient the international economic policies of the countries with centrally-planned economies. Although, in his view, the new strategy should be global in scope and should take into account the problems of both the developed and the developing countries, he was convinced that the greatest emphasis should continue to be placed on the development of the developing countries. That was precondition for the solution of numerous economic problems facing the developed countries. Particular account should also be taken of some major issues such as the development of human resources.

64. Of the targets that should be retained, those of ODA played a political and psychological role in many countries and should be included in the new strategy in view of the increase in the number of least developed countries. Target growth rates should be such as to ensure substantial improvement in living conditions in the developing countries and economic and social indicators could serve as yardsticks in that respect. Growth should also be such as to narrow the gap between the per capita incomes of the developed and the developing countries. In that context, several concepts contained in the Final Act of the seventh session of the United Nations Conference on Trade and Development[2], could be incorporated in the new strategy. Finally, the strategy should make provision for appraisal mechanisms to facilitate the periodic review and modification of the targets in the light of the changing situation.

65. During the general discussion on agenda item 2, his delegation had proposed (25th meeting, para. 21) that a special session of the General Assembly should be convened to proclaim the Fourth United Nations Development Decade and to adopt the corresponding International Development Strategy. He hoped that the Council would give due consideration to that proposal and that it would study the preparations to be made for the proposed session and submit a recommendation on the subject to the General Assembly.

66. Mrs. PACHECO (Uruguay) said that, on the whole, the Secretary-General's report (E/1988/67) was a sound document, since it highlighted a number of features that should characterize the new strategy. That strategy could be of help in determining the long-term approach that was indispensable for the achievement of the development targets of the developing countries, taking into due consideration the rapid progress of science and technology.

67. For various reasons, which were listed in a note from ECLAC, she saw no point in carrying out a separate evaluation of the previous strategy. In that regard, she emphasized three changes that had occurred in the world economy and which could explain why that strategy had gradually run out of steam. First, there had been a significant development in manufacturing industry and a decline in the commodity sector, with the exception of petroleum. Secondly, scientific and technological progress had had an impact on industrial production, in which the use of manpower had been relatively reduced. Thirdly, a clear distinction should be drawn between trade in goods and services and the international financial system. The latter now existed in its own right and had its own priorities. It was independent of trends in international trade and was totally beyond the control of the developing countries although, paradoxically, it had an impact on their economies. The developing countries therefore found themselves in a very vulnerable situation where, owing to the interdependence of the present-day world, decisions taken at major international forums had direct repercussions on the prices of their exports and, consequently, on the well-being of their population.

68. In view of the trends in the world economic situation, priority consideration should be given to the following matters: the external debts of the developing countries, the role of the State and the private sector, the structural imbalances in the industrialized countries, the reorientation of the international policies of the countries with planned economies, a review of the con-

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[2] *Ibid.*, footnote 1.

cept of international economic security and, finally, the need to ensure that the adjustment process did not impede growth or production in the developing countries.

69. In short, she thought that the new international strategy should focus on a very limited number of priority objectives and should be realistic in view of developments in the international system. At the present stage, it would be premature to establish priorities among the issues that the strategy should tackle and she therefore considered as inappropriate a division into two phases such as was proposed in the Secretary-General's report (E/1987/67).

70. Mr. **KERKINOS** (Greece), speaking on behalf of the member States of the EEC, said that, since the launching of the Third United Nations Development Decade, the situation had changed considerably owing to unforeseen developments in international economic relations. Lessons should be drawn from the past and taken into account in formulating the new strategy, which should reflect present-day realities and focus on international co-operation for development. The 1990s would be a period of transition, during which the adjustment process would continue. The challenge to be met lay in safeguarding social priorities in face of the ongoing adjustment process and the uncertain prospects of growth in the world economy.

71. The restoration of the growth potential of the developed countries would depend largely on the economic performance of the developed countries. The new strategy should be more realistic and should focus on the best way to achieve development at the country and regional levels, instead of envisaging a world-wide scenario. The desirable features of the new strategy could be reflected in a document that would be more practical than theoretical, geared to the solution of specific problems, more realistic in taking into account the real situation of the international economic system, more selective and more precisely targeted. It should promote a greater convergence of views on issues of common concern, look to the regional integration of the developing countries with a view to creating larger economic zones, envisage more flexible mechanisms for negotiation and place greater emphasis on the use of human resources, the advancement of women, the struggle against poverty, the improvement of public health and the achievement of sustainable development. Finally, the document should reaffirm the international community's commitment to supporting the efforts of the developing countries.

72. Mr. **ALZAMORA** (Peru) felt that, under the present circumstances, the new development strategy should not be a mere theoretical exercise. The Secretary-General's report (E/1988/67) proposed model strategy that was ideal but which left something to be desired from the standpoint of its present-day application. However, it had one supreme merit: it confirmed that the present strategy had been brought to nothing by the crisis in the world economy. It could therefore be presumed that the new strategy would be doomed to failure if the current problems were not solved by joint action and if its launching was not accompanied by an effort of co-ordination and consultation on a global approach to the management of the world economy which would enable the structural problems to be overcome. There was clearly a negative interplay between the economic problems of the North and the South. A genuine and sincere development strategy should take into account the effects on the development of the South of the existence of economic, trade and financial imbalances in the North, as well as protectionist measures that thwarted competition.

73. The new development strategy should highlight the urgent objectives in the South. The first priority objective was to staunch the financial haemorrhage and the drain of capital caused by the net reverse transfers of capital which had been occurring for the last six years and which represented the equivalent of two Marshall Plans. If that trend was not reversed, the developing countries would have to reverse it themselves by force. The second urgent objective was to find a solution to the problem of indebtedness; debts were continuing to increase and more and more countries were recognizing their inability to service them. In his statement to the Council (18th meeting), the Secretary-General had emphasized that the problem of debts could not be solved without reducing their amount and alleviating the burden of debt servicing. That would be a short-term solution, for a structural solution would be much more difficult to achieve. But the problem of indebtedness was in fact a structural rather than a cyclical one.

74. The problem of poverty should be viewed from that standpoint, and what ought to be a structural readjustment of the relationship between North and South should not be transformed into a philanthropic gesture of assistance. The social dimension of development had always been an essential aspiration of the developing countries. For decades, they had opposed the economist's approach based on mere growth, which the international economic organizations had imposed on them at an exorbitant cost. It was hardly the time to lecture them on the social dimension of development when they had been fighting to obtain its recognition for the last 40 years. While the developing countries were being bled white by the unprecedented transfers of their wealth, it would be a mockery to attempt to impose on them the theme of the struggle against poverty as the priority objective of the strategy. The developing countries had already rejected that priority objective during the Joint Meetings of CPC and ACC, and they were rejecting it again because, as well as perverting the real meaning of development and international action for development, it would also be contrary to the historic position adopted by the Group of 77 and would turn co-operation for development into a simple act of charity, leaving the structural elimination of poverty in abeyance.

The meeting rose at 1 p.m.

35th meeting

Thursday, 21 July 1988, at 3.05 p.m.

President: Mr. Andrés AGUILAR (Venezuela)

E/1988/SR.35

AGENDA ITEM 5

International development strategy for the fourth United Nations development decade (*continued*)

1. Mr. CAHILL (United States of America) said that as the United Nations neared the end of its Third Development Decade stock should be taken of the progress made. The Strategy employed during that period should be closely examined and its results assessed. The States Members must also look to the future and decide whether to declare a fourth development decade and, if so, determine what type of strategy or overall approach to development should be employed.

2. Thirty of the 40 years since the Organization's foundation had been officially designated development decades. The United States agreed with the emphasis placed on development activities within the United Nations system and consistently supported the related programmes. The emphasis on development was reflected in the Organization's institutional structure and the majority of United Nations activities were related to development. The United States did, however, question the need to proclaim a series of development decades, on the grounds that continued repetition tended to diminish their effect and overshadow the Organization's ongoing constructive work. It would be better if effort was concentrated in doing all that could be done to provide assistance that would have a real impact. The United States had sought to do that and it was still the largest source of ODA in the world, having provided some $8.8 billion for aid in 1987, 97 per cent in the form of grants, and the largest source of multilateral assistance. It believed that United Nations efforts to promote development should continue and that such efforts could benefit from an overall strategy or approach. However, in order to succeed, the approach must be realistic. The Strategy created for the Third Development Decade had fallen short of the mark. It had been unrealistic to produce a single development strategy which would apply to all countries. It was impractical and often counterproductive to force different national development needs into a rigid global mould.

3. The United States believed that strategies which took a global approach would continue to fail in the future, and did not consider that the United Nations, donor countries and the developing countries themselves should devote scarce time and resources to such an exercise. Any future approach must recognize the unique problems of individual developing countries and possess the flexibility needed to deal with them. It should offer a "menu" of various development strategy options that would accommodate the specific needs of each developing country. It should reflect the need for both government action and private sector initiative. Previous strategies had suffered from an overly statist approach to development and had relied too much on government activity. Future work should recognize the need to encourage private sector activities and individual initiative.

4. Whether or not another development decade was officially announced, the focus should be on real aid rather than words. The lesson of the past should be learnt and the emphasis should be on the real needs of the people.

5. Mr. VALLENILLA (Venezuela) said that defining an international development strategy for the 1990s was one of the most important tasks that would face the Organization in the next two years. It was highly appropriate, therefore, that the Council should give thought to it at the current session. In order to define a new strategy, it was not necessary to embark on exhaustive evaluation of the progress achieved in the Third Development Decade and the effects of the Third Strategy, but it was important to maintain those conceptual components which, though they might not yet have been put into effect, continued to be vital for the promotion of development. There were of course, a series of new factors in international economic relations that tended to make the forecasting of economic trends more complicated, and establishing the parameters for a new strategy in such a climate of uncertainty was a difficult task. The first step would be to decide definitely that there should be a new international development strategy.

6. The primary aim of any strategy for the fourth development decade should be to reduce the gap between the developing and developed countries within the framework of the principles of the New International Economic Order. His delegation could not agree, therefore, with the statement in paragraph 14 of the Secretary-General's report (E/1988/67) that a strategy document to be negotiated in the current circumstances should be of global scope and should deal with the concerns of both developed and developing countries. It was hard to conceive of a strategy for development that would place the interests of the rich and poor countries on an equal footing. Justice was as necessary in relations between States as in relations between men. It was not equality that was called for but equity. The notion that those with more had a greater responsibility and a greater duty of co-operation than those with less, applicable to any system of economic and social relations,

had been reflected in the recent Encyclical of Pope John Paul II. The strategy implied commitment with an ethical content, manifested in the obligation of action and co-operation incumbent on the various States, depending on whether they were developed or developing.

7. According to the report, the consultations held so far revealed wide agreement that a new document should focus on a few selected themes of genuinely strategic importance. It was also suggested that it should concentrate on specific development objectives or concrete sectoral issues. The *raison d'être* of international development strategies, however, was that they constituted an agreed point of departure for action, both national and international. Some of the commitments set forth in the previous strategies had not been carried out to the full, but the fact that they had been included had made it possible to invoke them on later occasions, and served to remind the international community that international economic negotiations did not start from zero but that there was an existing basis of agreement for action and co-operation already accepted by Governments. What was required, of course, was the political will to put it into effect.

8. His delegation considered that in addition to a series of quantitative economic parameters, for the savings, investment, capital flows, exports and imports needed to attain certain minimum goals of growth and development, targets for such social indicators as population, employment, education, health and housing were also highly relevant to any strategy. Although such quantitative goals were merely a reference point, they gave the strategy an organic and coherent structure and brought out the interdependence of the different socio-economic variables.

9. Other topics that should be considered were the interrelated problems of money, finance and trade, as well as means of overcoming the debt crisis and reversing the net flow of resources from the developing to the developed countries. The strategy should have a flexible framework so that full account could be taken in the course of its implementation of dynamic changes in world economic relations.

10. Mr. SIVILA (Cuba) said that the report by the Secretary-General (E/1988/67) contained some useful points but that certain objectives of special interest to the developing countries were missing. Unless they were included, the strategy was in danger of being mere rhetoric. For example, the document made no reference to the need to end the arms race and to allocate part of the resources wasted on it to the development of the third world. His delegation had often argued in various international forums that the ending of the arms race, in addition to contributing to peace and the survival of mankind, could also end the world social and economic crisis.

11. A realistic approach to an international development strategy for the 1990s would have to place the developing countries' external debt in the forefront. In that connection, he drew attention to the statement of the World Bank quoted in the report that current trends indicated that the slower growth characterizing the international economy during the 1980s would prevail well into the 1990s, thus aggravating the already serious adjustment problems of highly indebted countries. Another equally alarming statement in the report was that in the first half of the 1990s pressures for adjustment might continue to dominate in virtually all groups of countries, and that it would be a major challenge to ensure that those adjustment processes did not unduly impair social conditions and the growth of output. The developing countries would undoubtedly be the most seriously affected.

12. In that context, his delegation believed that a new international development strategy should concentrate on finding and putting into effect as soon as possible means of overcoming the current international economic crisis, in particular solving the external debt problem of the developing countries, reversing the flow of resources from the developing countries, and strengthening international trade. The strategy as a whole should be concise and realistic and should not pursue goals already foredoomed to failure. Rather than seeking to mitigate hunger, it should strive to eliminate the conditions that produced it. It should aim to improve health, ensure employment and food security, and promote the advancement and complete integration of women in development. His delegation thus agreed with many of the report's recommendations even though it did not concur in the suggested order of priority. In addition to the necessary flexibility, the strategy should fix goals for growth and give appropriate importance to planning.

13. In conclusion, he stressed his delegation's disagreement with the statement in the report that the Strategy for the current decade had been quickly outdated by the unanticipated worsening of the international economic situation which had made many of its targets irrelevant. The deterioration had in fact been foreseen, in particular by the Cuban Head of State who, speaking on behalf of the Group of Non-Aligned countries, had warned the world even before 1980 of the crisis that would ensue in the next decade unless effective measures were taken to solve the problems of the third world and of certain western countries. His views had been shared by a number of other statesmen and world leaders. The current economic crisis was as devastating as a major natural disaster but unlike natural disaster could have been anticipated. Many ideas and recommendations had been put forward that could have avoided the crisis which had ensued, partly from the external debt of the developing countries but also from the lack of political will on the part of many major developed creditor countries to find genuine solutions. Major changes would need to be made if a fourth international development strategy was to be successful.

14. Mr. DASGUPTA (India) said that, along with other developing countries, India had consistently advocated a continuation of the practice of holding development decades initiated by the late President of the United States, John F. Kennedy. The strategy pro-

vided both an opportunity to reaffirm development goals for the international community, and a framework for concerted action by the United Nations system. The Council should recommend to the General Assembly that it should declare the Fourth Decade and make arrangements for the adoption of a new strategy.

15. The Secretary-General's report (E/1988/67) reflected strong support for a new strategy on the part of United Nations bodies, including the ACC. It was, indeed, essential that secretariats should contribute actively to the formulation of the new strategy, and the Council might specifically request CDP and some other bodies, such as the ACC Task Force on Long-term Development Objectives, to participate.

16. Mr. ANSURI (Pakistan) said that, with all its limitations, the strategy for the 1980s had provided a framework for international development co-operation. Unfortunately, its aggregate targets had not been met, and thought should be given to the reasons, the foremost of which was the lack of political will on the part of many countries to honour their international commitments.

17. The new strategy should be different in both content and form. It should not attempt to cover all possible aspects of development policy but should take account of current international economic and political realities and of the priorities and concerns of both developed and developing countries. He agreed with the view expressed in the report by the Secretary-General (E/1988/67) that the main thrust should be towards the eradication of poverty and the development of human resources. The specific areas of concern should incude the solution of the debt problem, the establishment of a more equitable international trading system and the improved functioning of the international financial system. He agreed with the report that the new strategy should not be encumbered with too many fixed targets, but some, especially ODA targets, should be retained, and the developed countries should be urged to renew their commitment to them. He would further suggest that an interim ODA target should be set for attainment during the coming four to five years.

18. Mr. ARMERDING (United Nations Educational, Scientific and Cultural Organization) said that the failure of the strategies for the past three Decades raised the questions whether a strategy for the 1990s was necessary, and, if so, what should be done in order to avoid its ending as its predecessors had done. UNESCO had no doubt about the value of strategies which met the political need to proclaim solemnly and by a broad consensus a set of objectives to guide international development co-operation. The preparation of the new strategy would, however, present a challenge to the whole United Nations system: drawing on the experience of previous Decades, it would have to set tangible objectives that would rally the active support of the international community. One of the shortcomings of the current strategy was that, by incorporating, somewhat uncritically, the targets previously set by various intergovernmental bodies in specific contexts, and by attempting to echo the aspirations of the international community in an exhaustive way, it had become more a declaration of intent than a plan of action. For example, it made no provision for negotiating machinery in fields where an effective commitment on the part of Member States was essential. Again, its conceptual framework had been built up on linear macro-economic projections, whereas it was generally recognized that the usual macro-economic categories gave a decreasingly adequate reflection of economic and social realities. The functioning of economic systems was based on present realities, and the role and means of action of State authorities and the private sector were often subject to considerable fluctuation from region to region and field to field. There was also an underlying contradiction between the growing interdependence of problems and nations, on the one hand, and the conception of a strategy oriented exclusively towards the developing countries, on the other.

19. If it was to be truly operational, the new strategy would, therefore, have to be more practical and more realistic. It should be more modest in terms of scope of action and more ambitious in terms of action itself. It should centre upon a limited number of important issues and priority objectives, as the report by the Secretary-General (E/1988/67) suggested, but it should also make precise arrangements for orienting action and for encouraging and guiding negotiations. It should reflect the interdependence of problems and economies —which was a reality of the present day international economic system—and be directed towards both the developing and the industrialized countries. It should take account of the strategy of all decision-making centres and agents, including transnational corporations. Flexible arrangements should be made for negotiations—primarily between Member States, but possibly also with provision made for occasions for wider reflection, with participation by the international scientific and intellectual community, and the private sector, particularly the transnational corporations. It was important to encourage the expression of different points of view on development problems and prospects.

20. There had been a long-standing confusion of ends and means, and the conception of development had been narrowed down to economic growth and efforts to help the developing countries catch up with the developed world. Development should, however, be seen as centring on man and promoting harmony among human beings and between them and nature. It should, properly, be conceived as a global, multi-dimensional process relevant to all societies whether industrialized or not. Far from abandoning economic growth, the objective must be to ensure that it did not squander our natural and cultural heritage—an approach embodied in the World Decade for Cultural Development, proclaimed by the General Assembly in its resolution 41/187 of 8 December 1986, which would provide an opportunity for the United Nations system to stimulate creative imagination and overcome inertia.

21. UNESCO fully agreed with the suggestion in subparagraph (vi) of ACC decision 1988/1 (E/1988/67)

(*ibid.*, annex II) that a number of studies should be carried out on future prospects of the new development strategy. By the very nature of its work, UNESCO was obliged to take a long-term view, including anticipating the ways in which scientific and technological progress would shape life styles and determine production and consumption patterns. Such activities were to be a major component in its next medium-term plan for the years 1990 to 1995. UNESCO was well prepared to play an active part in United Nations Development efforts.

22. Mr. KHIARI (Observer for Tunisia), speaking on behalf of the Group of 77, reaffirmed the Group's strong support for the preparation of a new strategy. The fact that the current decade had been lost for development was not due to its strategy but to the failure of States to live up to their commitments. The new strategy should retain the link established between the Second and Third Decades but should include a mechanism based on certain indicators to keep the strategy permanently up to date and to anticipate obstacles to the growth of the developing countries. The report by the Secretary-General (E/1988/67) advocated a realistic approach, taking account of changes in the world economy, and the complexity and diversity of the development process, which in addition to poverty, included science, technology, communications and, increasingly, the service sector. In the Group's view the strategy should no longer be based on an aid philosophy, but directed towards the reactivation of the growth and development of its member countries, and they considered that the report should be modified in that sense and its priorities adjusted. The preparation of a new strategy and that of the new medium-term plan were closely linked as far as the setting of priorities was concerned.

23. The Group of 77 was submitting a draft proposal (E/1988/L.42) recommending to the General Assembly that it should make preparations for holding a special session in 1990 devoted to the growth and development of the world economy in the framework of reactivating the economies of the developing countries. The session, which they hoped would be held at summit level, would also launch the new international strategy but would not be responsible for preparing it. In the view of the Group of 77, the drafting of the strategy and the preparatory work associated with it should be carried out separately from the General Assembly in some appropriate body to be designated at the Assembly's next session.

24. He welcomed the commitment on the part of the Secretary-General and the heads of United Nations organizations in the system, including the Bretton Woods institutions, to the launching of the new strategy. He was convinced that their co-ordinated contribution to the preparation of the strategy would provide a sound basis for the preparatory work to be undertaken at the beginning of the coming year.

25. Mr. TESIČ (Yugoslavia) said that the preparation and adoption of an international development strategy was a necessity, given the current situation, the unfavourable medium-term economic growth prospects for the world in general and the developing countries in particular, and the need to promote stability and peace. The strategy should be one of the means to achieve the developing countries' development objectives. Although elaboration of the strategy was to be launched at the General Assembly's forty-third session, the Council's deliberations should be seen as an important initial phase. The international community could not refrain from setting up such an overall framework for international development co-operation during the century's final decade. As could be seen in annex II to the Secretary-General's report (E/1988/67), ACC had concluded that there was broad support for the strategy's adoption.

26. It was vitally important for the world community to have an outline of the global prospects for the coming decade and of an approach to the developing countries' economic and social problems. The tasks of formulation and adoption would give a special impetus to the North-South dialogue and the fostering of joint action to enhance world economic development, including accelerated growth in the developing countries. The fact that the preceding strategies had fallen short of their targets was not an argument against a new strategy. It called for a more earnest and determined effort to formulate a new one.

27. The point of departure was the wide recognition of the world's economic interdependence and the close interrelationship of major issues such as trade, debt, finance, commodities and development. That recognition had been strongly voiced at the seventh session of the United Nations Conference on Trade and Development but had not yet been translated into deeds. That was why the new strategy should be envisaged as a basic framework of international co-operation for development, globally defined and encompassing all countries, embodying an approach to restructuring the world economy, but stressing the need to address the developing countries' urgent problems and ensure their accelerated development.

28. His delegation hoped that the Council would recommend that the General Assembly declare the 1990s the Fourth United Nations Development Decade and adopt an international development strategy.

29. Mr. ANDRES (Observer for Switzerland) said that the current debate was taking place at a time when many countries, including his own, were wondering about their contribution to international development in the light of the experience of recent years. The present decade had been marked by the emergence of new problems and concomitant major changes in international relations. Economic, social and cultural ties between industrial and developing countries had become more complex and vulnerable. The new realities required a fresh approach to development co-operation. The success of future co-operation depended on the acceptance by all countries of their role and responsibilities in accordance with the concept of shared responsibility recognized in the Final Act of the seventh session of the

United Nations Conference on Trade and Development.[1]

30. The strategy suggested in the Secretary-General's report (E/1988/67) gave priority not only to interdependence but to the interaction of political, economic, social and ecological factors. Switzerland could subscribe to the idea of a new strategy as proposed in the report. Concentration on a few themes of major importance, coupled with the strengthening of commitments already undertaken towards specific sectoral goals, should provide a sound basis for a new strategy.

31. The report contained three interesting elements. First, mention was made of prior study of the main problems in international economic co-operation and operational activities for development. Secondly, it was proposed that the strategy should include the policies to be pursued in order to achieve its main goals. Lastly, greater attention was proposed to overall follow-up indicators, as well as a monitoring mechanism.

32. In preparing the strategy, it would also be important to take into account the results of current efforts of the organizations of the United Nations system to improve the efficiency and impact of operational activities during the 1990s. The studies by UNDP and other agencies of their role during the 1990s should help to make the strategy realistic, flexible and operational. Switzerland was ready to contribute to the preparations: it had always done its utmost to promote a qualitative approach to development co-operation and would continue to assume its responsibilities in the renewed development efforts of the new decade.

33. Mr. ZVEZDIN (Union of Soviet Socialist Republics) said that the considerable task of preparing guidelines and recommendations for international socio-economic development for the 1990s demanded the co-operation of all members of the United Nations. In order to make a real contribution to the development process and enable the world community to enter the new millennium relieved of the burden of economic and social backwardness, the international development strategy must be based on a thorough appraisal of previous strategies, particularly that for the current decade.

34. Sadly, many of the problems of the 1970s and 1980s had not even been stabilized, let alone solved, and further problems had arisen. Particularly disquieting were the developing countries' low economic growth rate, the ever widening gap between development levels in different parts of the world, the persistence of poverty, hunger and other features of economic and social deprivation in many areas, worsening terms of trade and dwindling flows of financial, material and human resources. The problem of the developing countries' external indebtedness had grown to menacing proportions and ecological problems had begun to assume an irreversible nature in some regions. There was no sign, therefore, that the international development strategy for the 1980s was going to be accomplished.

35. To some extent the reason was the departure from the principles of multilateralism in economic development and the tendency of certain countries to turn the world situation to their own political and economic advantage, sometimes to the detriment of other States' sovereignty. Further negative features were the lack of any effective mechanism to co-ordinate macroeconomic policy and long-term international economic planning, and growing protectionism in various forms, which made it particularly difficult for third world Governments to achieve any stable socio-economic development.

36. The aims embodied in the Declaration and Programme of Action on the Establishment of a New International Economic Order[2] and the Charter of Economic Rights and Duties of States[3] were as far as ever from being achieved. A favourable international political climate was an important condition for the development process. Despite recent positive trends in that regard, particularly in Soviet-United States relations, world events since the early 1980s had not promoted healthier economic ties or normal social and economic development for all countries.

37. The arms race continued, swallowing colossal material, financial and human resources badly needed for development. The growing arms expenditure in developing countries was especially disquieting.

38. Although the shortcomings of the strategy for the 1980s stemmed from a wide range of interrelated economic, social and political factors, one basic cause had been that the strategy's goals, and its quantitative indicators in particular, had been based on wishful thinking rather than the practically attainable. It was important to reject unjustified methods and approaches and eliminate errors, bearing in mind the duty, for the sake of future generations, to solve the world's economic and social problems and give effect to the United Nations instruments adopted to that end.

39. The experience of the two preceding decades shows the futility of repeating past mistakes and basing targets on indicators which took little or no account of the circumstances and priorities of many countries. It would be much better to focus on qualitative factors of development, harmonizing the overall guidelines for international economic and social collaboration without trying to set strict norms and rigid structures.

40. The international development strategy for the 1990s would require a structure of multilateral co-operation with a view to equitable and democratic decision-taking on such pressing problems as food, energy, population, the fight against hunger, poverty and disease, environmental protection and the development of world trade and monetary ties, as well as the

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[1] See 19th meeting, footnote 1.

[2] General Assembly resolutions 3201 (S-VI) and 3202 (S-VI) of 1 May 1974.

[3] General Assembly resolution 3281 (XXIX) of 12 December 1974.

problems of external indebtedness, Africa's economic crisis and implementation of the "disarmament for development" principle. If the new strategy better reflected world interdependence and was oriented accordingly, mutually advantageous progress everywhere could be more effectively promoted.

41. Observance of equality, mutual advantage and non-discrimination was central to the long-term goals of United Nations activity towards the establishment of a new international economic order. History had shown that achievement of the targets of international strategies depended on the world community's resolve to implement the principles of United Nations instruments relating to the restructuring of world economic relations. The new strategy must promote an equitable and mutually advantageous basis for world economic relations and create conditions for predictable, stable and reliable world economic development. The world economic security initiative, introduced by the Soviet Union and other socialist countries, if applied to the international development strategy for the 1990s, would provide rules for the development of world economic ties and give an impetus to equitable, mutually advantageous development.

42. Favourable external conditions were another essential prerequisite to sound socio-economic progress and the fulfilment of the new strategy's goals. The idea of a system of collective peace and security put forward by the socialist countries would provide a framework for that purpose. Another significant factor would be the mobilization, by each developing country, of its own material and human resources and their optimum use in national development programmes, based on their respective priorities and involving the public and private sectors in elaborating national programmes for that purpose.

43. The United Nations, because of its universal character, was a unique forum which should be better used in seeking to harmonize the differing but genuine economic interests of all countries. That should be the aim of the international development strategy for the 1990s. Although a consensus on economic patterns might be difficult to achieve, only genuine efforts to that end would lead to a solution of the world's acute economic and social problems.

44. It was hoped that the discussions on preparation of a new strategy would result in a common approach towards progress in international economic relations on the basis of mutual advantage and respect for the interests of all nations.

The meeting rose at 4.30 p.m.

36th meeting

Friday, 22 July 1988, at 10.20 a.m.

President: Mr. Andrés AGUILAR (Venezuela)

E/1988/SR.36

In the absence of the President, Mr. Oleg N. Pashkevich (Byelorussian Soviet Socialist Republic), Vice-President, took the Chair.

AGENDA ITEM 5

International development strategy for the fourth United Nations development decade (*continued*)

1. Mr. BRAUNEIS (German Democratic Republic) said that new tasks of great magnitude were confronting all States in the 1990s. The entire international community would have to take up the challenges that would arise and would therefore need jointly agreed instruments, including an international development strategy.

2. Such a strategy should, first, set forth conditions conducive to economic co-operation and seek to strengthen them; secondly, it should propose measures for bringing under control the factors impeding economic development and growth; thirdly, it should take due account of the consequences of the increased interdependence which characterized the world economy and of the interaction of economic and social problems; and fourthly, it should solve crucial problems such as the elimination of underdevelopment and the use of science and technology for socio-economic progress. It went without saying that effective disarmament measures were of crucial importance in attaining the objectives of such a strategy.

3. He was glad to note that the Secretary-General's report (E/1988/67) reflected a realistic approach to that task. The new strategy should not be a mere updating of previous strategies, but should take account of developments in the world economy and deal with questions of interest to both developed and developing countries, while emphasizing co-operation for international development. It could also be focused on a few carefully selected themes of strategic importance and include indicators for the identification of sectors where joint action was necessary. In that connection, the socialist

countries' proposal for the establishment of a system for the early identification of risk factors in the world economy was particularly relevant.

4. His delegation had noted with interest the position of the Group of 77 (35th meeting), together with the proposal that the new strategy might be adopted at a special session of the General Assembly. The formulaton of the strategy would no doubt require intensive preparation; that should begin as soon as possible and the Council should adopt a recommendation to that effect.

5. Mr. PECHKOV (Byelorussian Soviet Socialist Republic) said that the formulation of the new international development strategy for the 1990s was one of the most important tasks currently facing the United Nations.

6. The development prospects for the world economy were quite gloomy. A further deterioration of the debt problem and of the social problems besetting many countries, particularly the developing countries, was expected. He mentioned a number of proposals put forward by UNCTAD, IMF, UNDP, the United Nations Office at Vienna and ITU contained in the Secretary-General's report (E/1988/67); it would be useful to bear them in mind when the new international development strategy was prepared.

7. The new strategy should confirm the provisions relating to international economic security contained in General Assembly resolution 42/165 of 11 December 1987, together with the need to stimulate multilateral economic co-operation and to improve the situation of the third world, with a view to strengthening international peace and security. The strategy should ensure that justice, equality of rights, confidence and non-discrimination prevailed in international economic relations and should also provide a means of promoting dialogue among all countries for the purpose of reforming the international economic system. Similarly, the role of the United Nations as an authority for the management of economic interdependence in the light of the interests of all members of the international community should be strengthened. In addition, the strategy should pay special attention to questions such as international ecological security and the rational use of natural resources. It should be based on recommendations of a qualitative nature and not on quantitative indicators, which were often arbitrary, as had been the case in the strategy for the 1980s. That fact partly explained the failure of that strategy. The idea of using the structure of the Final Act of the seventh session of the United Nations Conference on Trade and Development[1] to formulate the new strategy was acceptable, and it was to be hoped that, in order to avoid a repetition of the mistakes made in the past, there would be an objective evaluation of the causes of the failure of the strategy for the 1980s.

8. Mr. BUTLER (Secretary-General, International Telecommunication Union) said that, although the past three United Nations development decades could not be regarded as outstandingly successful, they had nevertheless greatly contributed to the process of collective thinking on the part of those responsible for global development and had made Governments aware of the fact that nations were interdependent, irrespective of their size or wealth. Furthermore, the various activities undertaken during previous decades had oriented the thinking of the secretariats of the United Nations and specialized agencies towards assisting member States to set, in their respective sectors, time-specific regional and global targets.

9. Looking back, it must be recognized that in many sectors the results achieved were far from satisfactory. The fourth United Nations development decade could not afford to be a failure or only a limited success: it must be an unqualified success. Such success would depend primarily on the strategy adopted for the purpose of determining its scope. It would be advisable to set very selective goals and to determine the reuslts expected with great precision.

10. The case of WHO could serve as an example. Under its auspices, smallpox had been successfully eradicated, proving that such an ambitious objective could be attained through a co-ordinated approach by the international community as a whole. It therefore seemed important to adopt a similar strategy for the fourth development decade—in other words, to select carefully the sectors to be tackled and determine the specific results to be achieved. If the strategy was accompanied by a realistic plan of action worked out through real negotiation and not polite consensus, and if it was subsequently implemented through sustained collective effort, such a strategy could not fail to be successful.

11. One sector which met those criteria was telecommunications. Within the framework of ITU, the World Telecommunications Development Conference, held at Arusha (United Republic of Tanzania) from 27 to 30 May 1985, had recognized[2] that two thirds of the world's population did not have access to a telephone and had adopted the target of enabling the whole of mankind to be brought within easy reach of a telephone by the early part of the next century. To meet that target, the Conference had urged the developing countries to accord, in their respective national plans, a higher priority to the telecommunications sector, and the industrialized countries to match that action by providing larger financial and technical resources. It must, however, be reported that, although the developing countries had by and large fulfilled their part of the bargain, the same could not be said of their development partners. That was a further reason for focusing general attention on the telecommunications sector during the fourth decade.

12. Some people might wonder why the international community should be invited to give priority treatment

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[1] See 19th meeting, footnote 1.

[2] See "Arusha Declaration on World Telecommunications Development", *Report on the activities of the International Telecomunication Union in 1985*, ITU Geneva 1986, pp. 166 and ff.

to the telecommunications sector while there were so many other sectors that urgently required its attention. In reply to that question, he quoted a recent statement by Sir William Ryrie, Chief Executive of the International Finance Corporation, who had said that the relevance of telecommunications to economic development became clearer with every year that passed and that telecommunications were perhaps the most basic form of infrastructure, with the most pervasive effect on economic efficiency, since they could affect all types of economic activity. He had added that telecommunications systems, in particular, could have a dramatic effect on the efficiency of markets of all kinds, since markets depended on information—whether in the case of small farmers or in the case of the international operations of investment banks.

13. There was now much evidence to show that appropriate telecommunications were an engine for growth within national economies. In that connection, he announced that ITU had just published the results of economic studies recently conducted in the People's Democratic Republic of Yemen and Kenya.[3]

14. Mr. WANG Baoliu (China) said that since 1980 the world economy had become more interdependent. The economic situation of the major developed countries and their macro-economic policies had a considerable effect on the development of the developing countries. The international community was facing problems of a global dimension in the interrelated fields of trade, commodities, debt and finance. Consequently, comprehensive long-term development planning was needed, together with a strengthening of international co-operation in the economic field.

15. The new strategy should be formulated on the basis of the results of the current Strategy. It should be more comprehensive and deal, in particular, with the interrelated issues of fundamental importance for the developing countries. In any case, it should remain an instrument for international co-operation for development and should focus on the economic and social development of the developing countries. It should also contain some practical targets whose attainment would be guaranteed by appropriate policies. In that connection, it might be useful to explore the possibility of setting two or three series of targets adapted to different scenarios in the world economy. A regular monitoring and evaluation mechanism should be set up, including indicators, so that the new strategy could be better adapted to changes in the world situation and thus be more effective.

16. On the threshold of the twenty-first century, the 1990s would be an important transitional period for all countries, and particularly the developing countries. It was thus in everybody's interest to co-operate with a view to working out a practical and feasible strategy.

17. Mr. LABERGE (Canada) said that his delegation did not maintain a rigid position on the principle of a fourth development decade and a new development strategy. However, experience made it sceptical about the usefulness of such exercises and it was conscious, in particular, of the danger that the adoption of unrealistic targets and empty slogans would further devalue the work done by the United Nations system in the economic and social fields.

18. Interdependence on a global scale was increasing and, while Governments were already seeking to situate policies in long-term perspectives, it might be advisable to adopt a similar approach to multilateral economic and social co-operation. Nevertheless, in order to be useful, a new international strategy must be radically different from previous strategies: first and foremost, it must be understood by the public at large and enjoy its approval and support as far as international economic issues were concerned, instead of being just a blueprint for bureaucrats. It should focus on mutually-agreed priority issues, such as the campaign against poverty and human resources development, and it should reflect the concerns of developed as well as developing countries. It should also take account of factors likely to stimulate economic growth, particularly the entrepreneurial spirit.

19. The question of target-setting was fundamental. The ODA/GNP ratio, for example, had proved to be important because national and international administrations had adopted it as a realistic target that could be worked towards. However, a selective and careful approach was required; above all, there was a need for flexibility and the avoidance of pie-in-the-sky targets, which attracted criticism.

20. If it was decided to embark upon the preparation of a new strategy, it might be worth considering whether the preparatory work and the review of the Substantial New Programme of Action for the 1980s for the least developed countries,[4] scheduled for 1990, could be undertaken together.

21. Mrs. UMANA (Colombia) said that her delegation, which was a member of the Group of 77, endorsed the comments made by the Observer for Tunisia (35th meeting) and other members of the Group on the question of preparing a new international development strategy. Her delegation could also, without going into all the details, endorse the general approach described by the Observer for Finland on behalf of the Nordic countries (34th meeting), since it laid the foundations for the dialogue to be initiated on the preparation of the strategy.

22. She fully agreed with the arguments adduced by the Peruvian delegation (*ibid.*) on the potential danger of making the campaign against poverty the be-all and end-all of a new strategy. States undoubtedly had a moral obligation to combat poverty and to hold international consultations on the subject, but that campaign did not necessarily have to take the form of aid pro-

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[3] *Benefits of telecommunications to the transportation sector of developing countries*, Geneva, March 1988; *Contribution of telecommunications to the earnings/savings of foreign exchange in developing countries*, Geneva, April 1988; and *Telecommunications and the national economy*, Geneva, May 1988.

[4] See 24th meeting, footnote 8.

grammes. Poverty was rife, not only in developing countries but also in the developed countries which did not meet their obligations in that regard, particularly in the housing sector, where shortages were of a specifically structural nature. The campaign against poverty should be eminently national in character. That was also the approach adopted in the Djakarta Plan of Action on Human Resources Development in the ESCAP Region (E/1988/85, chap. IV, resolution 274 (XLIV), annex) or in the Khartoum Declaration.[5] The countries of the Latin American and Caribbean region would be meeting in Colombia to consider arrangements for the campaign but, on the basis of the recommendations formulated, it would be incumbent on each country in the region to design its own policy, solutions and initiatives.

23. Like many other delegations, her delegation was convinced that the success of a new strategy would depend on the flexibility it showed in design and implementation. In that connection, it was reassuring to note that, according to the Secretary-General's report (E/1988/67), provision was being made for multiple indicators and early warning signals. In addition, account would certainly have to be taken, for the purpose of preparing the strategy, of the guidelines set forth in the Declaration of Punta del Este[6] and in the Final Act of the seventh session of the United Nations Conference on Trade and Development. She hoped that the draft decision submitted by the Group of 77 (E/1988/L.42) would be adopted.

24. Mr. TANIGUCHI (Japan) said that, having personally participated in the formulation of the three previous development strategies, he knew how much energy and care the preparation of a strategy required. On each occasion, the new strategy had been refined and improved. However, even the third strategy, the most advanced of the three, had not been utilized, even in the United Nations, as a basic development strategy document any more than the previous ones. The strategies themselves were not to blame. World economic conditions had simply changed more vigorously and faster than the strategies had envisaged. For that reason, the next strategy, which would be formulated in highly volatile conditions, called for a totally different approach.

25. Many delegations were advocating a new and realistic approach, but they did not state what that approach should consist of. His delegation was convinced that the governments and international organizations must work together to prepare an effective and pragmatic strategy for the 1990s. CDP, which had already played an important role in formulating the previous strategies, would certainly be in a position once again to propose new and fruitful ideas. It was to be hoped that the Committee would submit its long-awaited report at its following session in April 1989.

26. His delegation had some immediate suggestions to make. The new strategy should be drafted in a simple and clear style, free from the ambiguous language so frequently affected in United Nations documents. It should be more widely read by the public outside the United Nations, and serious thought would have to be given to the publicity to be accorded to the new text.

27. Unlike in previous strategies, which had set growth-rate targets for the developing countries and had indicated policies to be pursued in each sector, such as trade, industry and agriculture, it might be necessary, in view of the growing diversification of the developing countries' economies, to design an integrated strategy covering both the macro-economic and micro-economic fields for the various categories of countries, which could be classifed according to their level of development, industrial structure, endowment with natural resources, indebtedness, etc. The strategy should also indicate which economic co-operation policy would meet the efforts of developing countries to implement the policies defined in the strategy.

28. Since the world economy was changing rapidly and radically, the strategy should be so designed as to be able to meet unexpected changes. In other words, it would have to be drafted with greater flexibility than its predecessors, and the setting of excessively rigid targets should be avoided. In order to be more realistic, it might be advisable to divide the decade into two stages.

29. Mr. OSSA (Department of International Economic and Social Affairs), summing up the debate, noted that members of the Council were clearly agreed in principle on the need to look to the future, priority being given to the validity of forecasts and approaches. They also stressed the need for greater selectivity as to the nature and focal points of the new strategy. As far as the main thrusts of the strategy were concerned, there seemed to be a consensus as to the need to deal with human-resources development and the environment, economic growth, trade, sources of finance and the external debt: those were not ends in themselves, but key factors in development. In the absence of solutions to the problems in those fields, it would be impossible to combat poverty effectively.

30. Many delegations had also stressed that the policies adopted must be properly managed at the national level. That in no way reduced the need to engage in a more active dialogue at the international level, particularly for the purpose of improving international economic security.

31. As far as targets were concerned, many speakers had stressed the need for flexibility and for a form of permanent monitoring to detect, as soon as possible, how far actual developments departed from the strategy and to plan corrective action. The need to use appropriate indicators had also become apparent.

32. Lastly, delegations had frequently referred to the role which the regional economic commissions and the various constituents of the United Nations system would be called upon to play in the preparation of the new strategy and in its implementation.

The meeting rose at 11.15 a.m.

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[5] See 20th meeting, footnote 7.

[6] See 19th meeting, footnote 4.

37th meeting

Monday, 25 July 1988, at 10.15 a.m.

President: Mr. Andrés AGUILAR (Venezuela)

E/1988/SR.37

AGENDA ITEM 6

Permanent sovereignty over national resources in the occupied Palestinian and other Arab territories (*continued**)

1. Mr. HASSAN (Sudan), introducing the draft resolution entitled "Israeli economic practices in the occupied Palestinian and other Arab territories" (E/1988/L.44), pointed out that the second preambular paragraph referred to the mandate entrusted to the Secretary-General by the Economic and Social Council and the General Assembly. In the operative portion, the Council requested the Secretary-General to speed up the preparation of the mandated report on the financial and trade practices of the Israeli occupation authorities in the occupied Palestinian territories and the occupied Syrian Arab Golan. It also stressed that the Secretary-General should use the terminology decided upon in the relevant General Assembly resolutions.

2. He hoped that the Economic and Social Council would adopt the draft resolution by acclamation.

AGENDA ITEM 17

International co-operation and co-ordination within the United Nations system (*continued***)

CONSIDERATION OF THE REPORT OF THE DIRECTOR-GENERAL OF WHO ON THE GLOBAL STRATEGY FOR THE PREVENTION AND CONTROL OF AIDS (*continued***)

3. Mr. HARRISON (United Kingdom) announced that Poland and Uruguay should be added to the list of sponsors of the draft resolution entitled "Prevention and control of acquired immunodeficiency syndrome (AIDS)" (E/1988/L.43). The Council had considered that question on the basis of the report of the Director-General of WHO (E/1988/80, annex). As his delegation had explained (34th meeting), his Government considered that the threat posed by AIDS would continue to require a sustained response by the United Nations system. His delegation would therefore introduce a substantive resolution on that subject during the forty-third session of the General Assembly to follow up resolution 42/8. Following consultations with a wide range of interested delegations, his delegation felt that it would also be appropriate for the Economic and Social Council to address the issue as well. Draft resolution E/1988/L.43 did not seek to duplicate the work of the General Assembly but to pave the way for the Assembly's effective consideration of the subject.

4. AIDS remained a devastating threat to mankind. The United Nations response, in particular that of WHO, had thus far been effective and must continue to be so. The sponsors of the draft resolution hoped that the Council would adopt it by consensus.

AGENDA ITEM 2

General discussion of international economic and social policy, including regional and sectoral developments (*continued****)

5. Mr. EL GHOUAYEL (Observer for Tunisia), introducing the draft decision entitled "Reactivation of economic growth and development in developing countries" (E/1988/L.42) on behalf of the Group of 77, indicated that the document did not require detailed introduction since it was a procedural text whose contents were familiar to all the members of the Council. With regard to the reactivation of growth and development in the developing countries and the launching of the International Development Strategy, the Group of 77 would simply like the Council to continue to play the promotional role it had played in the past, by helping, for example, to organize the thirteenth special session of the General Assembly on Africa and to formulate the United Nations Programme of Action for African Economic Recovery and Development 1986-1990. He hoped that the draft decision would be adopted by consensus.

6. The PRESIDENT indicated that Mongolia had joined the sponsors of the draft resolution entitled "Early identification of world economic developments" (E/1988/L.38).

AGENDA ITEM 4

Consideration of the necessary arrangements for the meeting of the *Ad Hoc* Committee of the Whole of the General Assembly on the Review and Appraisal of the United Nations Programme of Action for African Economic Recovery and Development 1986-1990 (*concluded*****)

7. The PRESIDENT invited the Council to consider the revised draft decision entitled "Arrangements for

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* Resumed from the 33rd meeting.

** Resumed from the 34th meeting.

*** *Idem.*

**** Resumed from the 33rd meeting.

the mid-term review and appraisal of the United Nations Programme of Action for African Economic Recovery and Development 1986-1990" (E/1988/L.36/Rev.1). He drew attention to an omission in the first line of the text, which should read: "*The Economic and Social Council, pursuant to its decision 1988/148, of 27 May 1988, decides*". The Council also had before it the programme budget implications (E/1988/L.37) of draft decision E/1988/L.36/Rev.1.

8. He proposed that the Council should adopt the draft decision as orally amended.

The revised draft decision, as orally amended, was adopted (decision 1988/154).

AGENDA ITEM 3

In-depth study of the United Nations intergovernmental structure and functions in the economic and social fields: (*a*) report of the Special Commission of the Economic and Social Council on the In-depth Study of the United Nations Intergovernmental Structure and Functions in the Economic and Social Fields; (*b*) the Economic and Social Council (*continued******)

9. Mr. EL GHOUAYEL (Observer for Tunisia) stated that in the opinion of the Group of 77, the draft resolution entitled "Revitalization of the Economic and Social Council" (E/1988/L.45) concerned a very important element of the Council's work at the current session. Without entering into a historical account of reform efforts designed to strengthen the role and effectiveness of the United Nations in the economic and social sectors, it was appropriate to note that the Council, in the framework of its Special Commission, had been working on the question since February 1987 and that it was urgent for Member States to have before them an official draft on that issue, concerning which a decision should be taken rapidly. He drew attention to the fact that the text being introduced contained a series of elements that were very far from the initial position of the Group of 77 concerning the functioning of the Council. If the Group had made such concessions, that was because it wished to show the international community its firm will to reform an organization to which it attached the highest importance.

10. The contents of the draft resolution were familiar, since it had been distributed unofficially several days before for informal consultations. It should be recalled, however, that the primary objective of the Group of 77 had been to formulate a text that would not raise any fundamental difficulties and that would take everyone's interests into consideration. Therefore, the text in question merely restated the formulations and proposals appearing in resolutions adopted by consensus by the Economic and Social Council under the same agenda item. Thus there were no surprises in the proposed text, which also reproduced certain paragraphs of the Charter of the United Nations.

11. The Group of 77 hoped that the delegations that had transmitted their observations and comments to it would be joined by those that had not yet done so. It was important to be realistic and flexible in that regard. If the Economic and Social Council was unable to take decisions regarding its own functioning, the Governments and public opinion of the member countries might draw some conclusions that would be very unfavourable not only for the Council itself, but for all limited-membership organs.

AGENDA ITEM 18

Programme questions

DRAFT INTRODUCTION TO THE MEDIUM-TERM PLAN TO BEGIN IN 1992

12. Mr. EL GHOUAYEL (Observer for Tunisia), speaking on behalf of the Group of 77, said that the working paper represented by document A/43/329 should also take into account the official proposals of delegations, including those of the Group of 77 made during earlier debates in the Second, Third and Fifth Committees of the General Assembly, and the draft resolution on the revitalization of the Economic and Social Council (E/1988/L.45). The Group of 77 was deeply concerned at the lack of reaction by the developed countries, which played a major role in the world economy, to the proposals for reforming the Council that the Group had submitted in that draft resolution. If that attitude was connected with events concerning the future of the Organization, and if, under cover of the financial crisis, drastic cuts were being prepared that would have irremediable effects on priority programmes in the economic sector, a simple reminder by the developing countries of their global and sectoral priorities—in particular the statement made on behalf of the Group of 77 by the representative of Guatemala to the Second Committee of the General Assembly at its forty-second session[1]—would soon appear quite absurd.

13. The Council must come to a decision on the draft introduction to the medium-term plan beginning 1992 (A/43/329, annex). In that connection, he pointed out that the simultaneous submission of that note to the current session of the Council, the first session of CPC and ACABQ was an unusual procedure from a legal and institutional as well as a political point of view. It indicated some confusion as to the respective powers and roles of those various organs. He therefore believed that there should be a resumed session of the Council immediately after that of CPC so that the latter's recommendations concerning United Nations economic and social activities might be duly examined by the Council.

14. While they reaffirmed the priorities that should be at the core of the medium-term plan, the developing countries were grateful to the Secretary-General for the

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***** Resumed from the 30th meeting.

[1] *Official Records of the General Assembly, Forty-second Session, Second Committee*, 5th meeting, paras. 1-9.

innovative proposals contained in the draft introduction. The medium-term plan should allow those countries to participate further in economic, trade, monetary, financial and technological activities on a world-wide basis.

15. He believed that the medium-term plan should contain some further clarifications. It should emphasize that the United Nations was a body for deliberation, but also for negotiation and, hence, decision-making. Paragraph 58 of the draft introduction mentioned the problem of external debt, but not that of resource flows. The paragraph was too elliptical and did not reflect real needs. Furthermore, the draft introduction gave equal treatment to problems that were not at all of the same seriousness or structural or global importance. The note also proposed to replace the 31 existing programmes with four major programmes without explaining which programmes would be merged and in what way. The CPC should give that proposal thorough consideration, and the medium-term plan should state the financial implications. The appraisal of the world economic situation should be improved in order to bring it more into line with the current situation. Paragraphs 83 to 88, which dealt in particular with operational activities for development, should stress the validity of the principles and objectives contained in the consensus adopted by the Governing Council of UNDP at its tenth session, in 1970.[2] The importance of the international economic environment for the sustained and lasting development of the developing countries should be stressed, and greater attention should be given to the problems of food, agriculture and natural resources, as well as the vital issue of transfer of technology. The priorities referred to in paragraphs 95 *et seq.* were too general and should be made more specific, taking into account delegations' observations. Finally, the crucial question of the optimum use of human resources should be considered not simply from the point of view of well-being, but also from the point of view of real, sustained and lasting economic and social development.

16. In conclusion, he formally proposed that the Council should decide to transmit the views and observations expressed during the discussion to CPC and ACABQ.

17. Mr. DIETZE (German Democratic Republic) stated that the note by the Secretary-General on the preparation of the next medium-term plan[3] and the draft introduction (A/43/329, annex) adequately reflected the objective situation and necessities of the modern world. Given the fact that CPC had not been in a position to discuss the medium-term plan for the 1990s, it was within the competence of the Council to express its views and give forward-looking orientations.

18. He welcomed the fact that the draft plan was based strictly on the provisions of the Charter of the United Nations, in particular the main objectives as set out in its Preamble and in Article 1. He associated himself with the view expressed in the draft introduction that the maintenance of international peace and security, the pursuit of disarmament, especially in the nuclear field, the promotion of the economic and social development of all peoples and the protection of human rights would remain the priorities of the United Nations in the coming years.

19. In particular, the maintenance of international peace and security was a goal that covered all activities of the United Nations and that could be attained only through close co-operation among all Member States. The United Nations and its machinery provided a unique forum for that purpose. He agreed with the statement in paragraph 40 of the draft introduction that a nuclear war could not be won and must never be fought. Ending the arms race, taking effective disarmament measures and utilizing the human, material and financial resources thus released for peaceful purposes was the way to the survival and socio-economic progress of mankind. At their recent summit meeting, the States members of the Warsaw Treaty had placed particular emphasis on the importance of the proposals for conventional disarmament and the strengthening of security on a regional basis. In addition, the creation of a comprehensive system of ecological security was urgently needed. All States might take the occasion of the twentieth anniversary of the United Nations Conference on the Environment, in 1992, to elaborate internationally binding norms and principles in that field.

20. As stated in the draft introduction, in the 1990s the United Nations would have to deal with most of the problems currently existing in the world economy. In his delegation's view, the following matters should occupy an important place in the Organization's activities: stable growth of the world economy and of national economies; normalization of international trade; the foreign indebtedness of developing countries; overcoming protectionism and imbalances; the proper functioning of the international monetary and financial system; co-operation in science and technology; environmental protection and the rational use of natural resources. At the same time, to ensure stable growth of the world economy it was indispensable to solve the most urgent economic problems of the developing countries and to take into account the relationship between disarmament and development. A major direction of United Nations activities in the coming decade would therefore be towards guaranteeing stability, reliability and predictability in international economic relations.

21. The German Democratic Republic supported the continuation of decolonization efforts, the aim being to implement fully in the 1990s the Declaration on the Granting of Independence to Colonial Countries and Peoples, which presupposed the elimination of *apartheid*, racism and all gross violations of human rights, in particular the right to self-determination. The struggle against illicit drug trafficking must be carried on, as well as activities in the field of international law and its codification.

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[2] See *Official Records of the Economic and Social Council, Forty-ninth Session, Supplement No. 6A* (E/4884/Rev.1), para. 94. See also General Assembly resolution 2688 (XXV) of 11 December 1970, annex.

[3] A/42/512.

22. The Secretary-General's medium-term plan for the 1990s offered a useful and constructive framework for future work, it being understood that the attainment of those goals would require the political will of all Member States of the United Nations to fulfil their obligations in accordance with the Charter.

23. Mr. SHABAN (Egypt) said that the Council had the opportunity of exercising one of its main functions, namely monitoring the implementation of overall strategies and policies in the economic and social fields, by examining the draft introduction to the medium-term plan (A/43/329, annex) and making recommendations to the General Assembly for its preparation. The report of the Secretary-General should therefore have appeared both as a General Assembly document and as an Economic and Social Council document.

24. Turning to the draft introduction itself, he said his delegation shared the Secretary-General's concern about the serious difficulties with which the United Nations was confronted. It agreed with the two assumptions underlying the plan, namely that the financial crisis would be over and that all Member States would, through their actions, demonstrate renewed commitment to international co-operation through the United Nations. He noted with concern that, while some countries had reaffirmed their commitment to reform at the current session, others were resisting the reform process and had apparently only been giving it lip service. Those countries appeared to be the same ones that, after adamantly opposing any amendment to the Charter until two months before in the Special Commission, were currently opposed to carrying out the Charter provisions regarding the functions of the Council.

25. He agreed in principle that the major programmes of the plan should be reduced in number. However, a balance must be ensured among the programmes to be contained in the third major programme, entitled "Economic and social advancement of all peoples". Social programmes, for example, should not eclipse economic programmes or programmes relating to international trade or commodities. The plan and its introduction should reflect the elements of the consensus reached at the seventh session of the United Nations Conference on Trade and Development. Since the International Development Strategy for the Third United Nations Development Decade and the policy measures established to achieve it had served for the preparation of the current medium-term plan, he would like paragraph 57 of the draft introduction to indicate that the International Development Strategy for the Fourth United Nations Development Decade would serve the same purpose for the preparation of the next medium-term plan.

26. The question of ensuring adequate financial resources for the development efforts of the developing countries was a question closely related to the problems of debt, commodities and various other socio-economic problems besetting the developing countries. However, it was treated as a marginal issue both in the prologue to the draft introduction and in the section entitled "Mandates and programmes". That issue should be given more attention in paragraphs 41 and 42 of the introduction to the current medium-term plan, and sufficient programmes in the following plan should be devoted to that issue.

27. Finally, the introduction to the plan did not give sufficient attention to the critical situation in Africa. He wished to see a reflection of the priorities incorporated in Africa's Priority Programme for Economic Recovery 1986-1990 and the Lagos Plan of Action in the final version of the introduction as well as sufficient programmes aimed at facilitating their implementation. With those lacunae filled, his delegation would be willing to endorse the structure of the plan as set forth in the draft introduction.

28. Mr. PIEDRA (United States of America) said that the draft introduction (A/43/329, annex) was highly satisfactory in some respects, less so in others. In particular, he endorsed the idea of establishing a plan that was both simpler and more transparent, with the understanding that the adoption of a streamlined programme structure did not imply an overall reduction in the role of the United Nations. Unfortunately, the section entitled "Mandates and programmes" made it appear that the full array of current activities had merely been re-arranged to fit the terms of reference for the four major new programmes. He would like to know what concentration of activities was being proposed, because resources were limited more than ever and should be focused entirely on basic goals.

29. Regarding those goals, he was pleased to note that emphasis had been placed on the protection of human rights in the draft introduction. Additional references to human rights should be included, and in particular emphasis was needed on individual liberties and political rights.

30. The Secretary-General had also been correct in emphasiszing the eradication of drug abuse, the need to combat international terrorism, the prevention of crime and the need to develop further activities for advancing the role of women.

31. He also supported the clear recognition in the text that economic and social development was primarily the responsibility of national Governments, and he welcomed the repeated calls in the draft for avoiding duplication by the United Nations of work being carried out by the specialized agencies.

32. Mr. WANG Baoliu (China) said that CPC should have analysed the draft introduction (A/43/439, annex) to the medium-term plan and communicated its conclusions to the Council before the latter was called upon to take a decision. Nevertheless, he wished to make a few comments of a strictly preliminary nature.

33. By and large, the document before the Council represented an improvement compared with the text entitled "Some perspectives on the work of the United Nations in the 1990s".[4] However, the priorities of the Organization could have been better highlighted.

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[4] A/42/512, annex.

34. As a result of the requests made by CPC, it was proposed that the structure of the medium-term plan should be simplified, the number of major programmes being reduced from 31 to 4 and the number of programmes from 148 to 40. His delegation had no objection to the new format, as the areas covered by the four new major programmes stemmed from the Preamble and Article 1 of the Charter. It nevertheless wished to be provided with a list of the 40 programmes so that conclusions as to the usefulness and feasibility of the new format could be drawn on a more solid basis.

35. Various points were either missing or needed to be clarified or emphasized in the draft introduction to the medium-term plan. In particular, the Charter laid down the obligation of non-use of force against the territorial integrity and political independence of States and the suppression of acts of aggression. Those principles should be reflected both in the prologue and in the major programme entitled "Peace, security, disarmament and the self-determination of peoples". In addition, since the Arab-Israeli conflict had now engaged the United Nations for more than 40 years, the text should refer to the need to free the Palestinian and other occupied Arab territories from occupation. Furthermore the question of Namibia, a long-standing priority of the Organization, was mentioned only in passing in paragraph 43, in the context of the question of decolonization, and also deserved greater attention in the document. With regard to *apartheid*, it should not be forgotten that the United Nations had adopted numerous resolutions calling on the South African régime to put an end to the policy of *apartheid* and there was no reason for the document to shy away from criticizing the country which was actually practising that policy. Lastly, again on the subject of the above-mentioned major programme, some of the concepts and phraseology concerning disarmament in paragraphs 8 and 40 needed to be either revised or clarified.

36. Turning to the major programme relating to international law, human rights and fundamental freedoms, his delegation felt that singling out in the prologue the idea that law-making efforts must be intensified to combat international terrorism might give an unbalanced picture in relation to other questions which also called for law-making efforts. In the area of human rights and fundamental freedoms, his delegation wished to see a reference to the massive violation of human rights as a result of colonialism, racism, foreign invasion and occupation. More emphasis should also be given to the right to development.

37. With regard to the third major programme, which would be entitled "Economic and social advancement of all peoples", his delegation pointed out that the concept of interdependence was associated more with international economic relations than with international law or human rights issues, as the prologue seemed to suggest. Furthermore, although the draft introduction enumerated a number of economic and social problems which had to be addressed, it failed to shed light on the priorities. In the economic field, his delegation felt that the major issues to be resolved from the very start of the period covered by the next medium-term plan were the economic recovery of Africa and the external debt problem. Lastly, again on the subject of the third major programme, reference was made in paragraph 60 to the promotion of collective self-reliance among developing countries. It would be appropriate to add that economic and technical co-operation among developing countries was also of crucial importance for development.

38. Regarding the fourth major programme, which would be entitled "Information and common services", his delegation wished to point out that the purpose of the United Nations information service was not solely to promote a favourable image of the Organization to strengthen multilateralism. It must be made clear in the introduction that the information service should fulfil its functions in accordance with the mandates and priorities set out by the General Assembly in its resolutions.

39. The Secretary-General indicated that the medium-term plan was based on the assumption that by the 1990s the Organization would have overcome its budgetary and financial uncertainty, would enjoy the full confidence of all its Members and would function more effectively and efficiently. The Chinese delegation shared those hopes.

40. Part III, entitled "Comments on priorities", was more or less a repetition of part II concerning "Mandates and programmes", without defining priorities more clearly. It would be preferable to set out those priorities in part II, immediately after each major programme, and then devote part III to the top or highest priorities of the Organization, which, in his delegation's view, were peace and development.

41. Mrs. PERKOVIČ (Yugoslavia) said that she fully endorsed the views expressed by the Observer for Tunisia speaking on behalf of the Group of 77 and would confine her preliminary remarks to certain elements of the draft introduction to the medium-term plan (A/43/329, annex).

42. That document was undoutedly better than the previous one, but there was still room for improvement. Specifically, in paragraph 51 the presentation of the role of the Organization in relation to economic co-operation and development was incomplete. The United Nations did, indeed, provide a universal forum for the consideration of issues of concern to Member States, for the early identification and analysis of emerging problems and for the harmonization of the actions of nations. It also provided a multilateral framework for support for national development efforts. But the Charter also stated that a purpose of the United Nations was to achieve international co-operation in solving international problems, which meant that the Organization was also a forum for negotiations, a point that should be reflected in the document.

43. The draft introduction noted some of the most important economic problems to be addressed by the United Nations, for example, in the developing countries, such as poverty and hunger. However, more emphasis should be given to many other problems, such as

the instability of commodity prices, the protectionism practised by the developed countries, the net transfer of resources from developing to developed countries, and in particular the problem of external indebtedness of the developing countries. The problems of international trade, moreover, had not been adequately treated as part of United Nations activities and the role of UNCTAD was not sufficiently emphasized.

44. The discussion of the next medium-term plan would coincide with the preparations for the new International Development Strategy. That Strategy would obviously have an effect on all the Organization's activities and on the entire United Nations system. The medium-term plan should therefore be reasonably flexible so that it could be adapted to the approach that would be taken under the new Strategy.

45. The draft introduction did not provide a clear enough picture of what should distinguish the next plan from the current plan in terms of substance. In her delegation's view, the main feature of the next plan should be the endeavour to make scientific and technological achievements available to all, particularly the developing countries, since that was the only way to promote effectively the development of those countries and to reduce, in the interest of all, the existing disparities in the world economy.

46. With regard to the structure of the medium-term plan, her delegation agreed that the plan should be a dynamic instrument reflecting a strengthening of the essential functions of the United Nations, and also that it must be simplified. She had no objection to the proposal to reduce the number of major programmes from 31 to 4 and the overall number of programmes from 148 to 40, but wondered whether there was not therefore a risk that some activities might have to be limited. It was difficult to give *a priori* agreement to such an approach solely on the basis of the number of programmes.

47. Mr. ZVEZDIN (Union of Soviet Socialist Republics) said that he, too, felt that close attention should be given to the preparation of the next medium-term plan since that involved identifying all the major areas of the United Nations activities in the 1990s. Several delegations had already indicated how, in their view, the draft introduction (A/43/329, annex) should be refined and improved. His delegation believed that the draft outline was on the whole reasonable since it gave due consideration to the main trends in the world situation and to the interdependence of the major issues as well as of countries themselves; the specific problems of the developing countries were properly treated. The future policy orientations were well defined.

48. The United Nations had, indeed, succeeded in promoting the idea that it must work to preserve collective security, but it should adopt a more clear-cut approach in that regard and endeavour to base security on international law and the stronger role it would be called upon to play. On the whole, however, the Secretary-General's view of the progress to be achieved in the field of disarmament, East-West negotiations and confidence-building measures reflected the concerns of the Soviet Union. The idea of enlarging the powers of the Secretary-General so that he would be able better to assist the Security Council in the prevention of crises was also to be welcomed.

49. In the economic field, the main tasks to be carried out were properly identified. Social problems were rightly defined as being linked to economic problems and, in the developing countries, as being often the consequence of certain external factors to which those countries were subjected. The draft introduction enumerated the objectives to which the United Nations wished to give continued priority: transfer of technology, long-term development strategies and multilateral co-operation in population activities, for example, However, some activities should be more clearly defined: with regard to external indebtedness, in particular, the Secretary-General gave the impression that he intended to entrust the solution of that problem to IMF and the World Bank and that he was relying also on the conclusions of the Uruguay Round of multilateral trade negotiations. In that respect, the approach should be more balanced. Some division of labour between the multilateral organizations no doubt had to be established, but the General Assembly and the Economic and Social Council could also give their views, in the form of resolutions, on ways of resolving world financial or monetary problems.

50. The relationship between the law-making efforts of the United Nations and its operational activities must also be strengthened. The Organization should endeavour systematically to give its activities a concrete form, while at the same time refraining from any interference in the internal affairs of States.

51. The Secretary-General intended to simplify the structure of the medium-term plan and to reduce the 31 existing major programmes to 4 and the overall number of programmes from nearly 150 to 40. The Soviet Union could accept that proposal, provided that it did not affect the intergovernmental machinery in place and had no substantial impact on existing programmes. Simplification should undoubtedly be a key concern. It was also essential to strengthen the binding force of decisions adopted by consensus at the moral and political levels.

52. His delegation, like several others, believed that CPC was in a better position than the Council to analyse documents such as the draft introduction. It was to be hoped that CPC would take account of the comments made on that subject.

53. Mr. ANDREEN (Observer for Sweden), speaking on behalf of the Nordic countries, said that economic and social issues would continue to be an important part of the work of the United Nations and that co-operation between Member States to promote a much-needed improvement in the international economic environment should continue to be a major focus in the work of the United Nations in the 1990s. The draft introduction (A/43/329, annex) was therefore a potentially very important document and should be seen in relation to the no less important question of the future role and

political credibility of the United Nations. In the economic and social fields, possibilities undoubtedly existed to concentrate the activities of the United Nations on areas where multilateral action was demonstrably important for achieving practical results. A more rational use of existing resources and improved co-ordination would be required to facilitate the economic and social activities of the United Nations. It would be essential in that regard to improve dialogue and co-ordination between the United Nations and the specialized agencies, as well as between the specialized agencies themselves. Specifically, the relationship between UNDP and the specialized agencies should be clarified. Furthermore, dialogue and co-operation between the United Nations and the Bretton Woods institutions should be improved. The Nordic countries believed that those notions and priorities were not sufficiently stressed in the draft introduction.

54. The Nordic countries, therefore, were not entirely satisfied with the section entitled "Economic and social advancement of all peoples", which appeared to catalogue all the activities of the United Nations system in the economic field. Such an approach was not sufficiently vigorous, ambitious and bold. There was a need to set priorities. The Nordic countries would like to see the problems, their causes and possible remedies more extensively analysed. Greater account should be taken of world-wide problems as such, and actual or conceivable measures should then be discussed from that perspective. In other words, the Nordic countries would like to see stronger emphasis on the ideas and priorities put forward in the very important report by the World Commission on Environment and Development (the Brundtland Commission),[5] whose basic message—the need for a new growth philosophy and a sustainable development of natural resources—was being introduced throughout the United Nations system. The question of how the system was to respond to that enormous challenge and to the need to increase ODA and other resource flows while at the same time ensuring sustainable development was, indeed, a crucial one. The Nordic countries would have welcomed a more extensive discussion of that subject in the draft introduction. There was also a need to maintain a degree of flexibility in order to safeguard the United Nations ability to elaborate co-ordinated programmes which could respond to the massive new challenges and which could incorporate peace-keeping and humanitarian aspects, as well as development aspects, in conflict-ridden regions.

55. The Nordic countries also attached great importance to human rights, another area under the mandate of the Economic and Social Council. Since the focus of the Council's current session was on economic matters, they would return to the chapters dealing with human rights and social matters when they had been discussed by CPC.

56. In his view, questions relating to organizational and administrative efficiency should be further highlighted in the draft introduction. He felt that it was unreasonable, for example, to devote time and resources to repetitious discussions of similar international economic problems in different forums at least four times a year. The Nordic countries very much hoped, therefore, that the efforts currently being undertaken to rationalize the work of the Council and its subsidiary organs would produce significant results and that the findings of the Special Commission on the In-depth Study of the United Nations Intergovernmental Structure and Functions in the Economic and Social Fields (E/1988/75) could be incorporated into the medium-term plan. They also hoped that the Jansson report[6] would produce practical reforms which would be reflected in the medium-term plan. The capacity of the Organization to streamline and adjust its activities in order to be able to respond to the new challenges in a constantly changing environment was of crucial importance for the credibility of the system.

57. In conclusion, the Nordic countries wished to stress that the existence of the United Nations was in the interest of all countries. It was therefore of paramount importance for all Member States to give it their full support. Today a new interest in multilateralism was evident, and the United Nations system could and must be considerably improved in order to deal more effectively with the formidable global problems.

58. Mr. LICHTINGER (Observer for Mexico) said that his delegation associated itself with the comments made by the Observer for Tunisia speaking on behalf of the Group of 77, but wished to go into more detail on certain points. It must be emphasized that the United Nations was a unique world forum in which States could meet to consider together issues that were of common interest and world-wide importance, and to deal with them through joint efforts. The preparation of the medium-term plan was therefore a particularly useful exercise. The challenge for the future consisted in the role which the United Nations would play in restructuring the international economic system, in the effectiveness with which it could work to ensure that the restructuring served to establish just and equitable relations between States, and in the solutions it could provide to the most serious economic and social problems facing the world, and especially the developing countries. It should not be forgotten, moreover, that there was a close relationship between peace, economic development and social welfare, and none of those essential pillars could be neglected by the Organization without the risk that all three would collapse.

59. Regarding the draft introduction (A/43/329, annex) his delegation felt that a number of points had not been adequately presented and that there were a number of deficiencies. In particular, while his delegation had no objection to a reduction in the number of major programmes as long as that did not lead to an overall diminution of the functions of the United Nations, there was a need to consider another major programme devoted exclusively to international co-operation for development.

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[5] A/42/427, annex.

[6] E/1987/82/Add.1, annex.

60. In paragraph 42 of the draft introduction, reference should be made to measures aimed at the elimination of *apartheid*. Similarly, paragraph 95 did not mention the elimination of colonialism throughout the world—an issue, moreover, that was given scant attention elsewhere in the draft. Paragraph 47, which enumerated the basic human rights instruments, omitted the Convention on the Elimination of All Forms of Discrimination against Women and did not adequately discuss the functions of special rapporteurs and working groups on human rights issues.

61. Paragraph 49 clearly described the effects of the crisis of the 1980s, but should analyse in greater depth the obstacles to development and the causes of that crisis. It would also be more appropriate to view the eradication of poverty and its symptoms in the context of growth and development, rather than to consider destitution as a spontaneous phenomenon. The United Nations could thus adopt a more effective and comprehensive attitude—as well as being less paternalistic and less aid-oriented—in the struggle against poverty. Similarly, the statement in paragraph 63 that "The continued existence of widespread poverty in the world disrupts social harmony, ecological integrity and international security" implied a unilateral approach, suggesting that reasons had to be found to justify the elimination of poverty. It would be more appropriate to identify and attack the causes. Paragraph 64 assumed that, during the next decade, the developing countries would have to pursue austerity and adjustment policies, yet it was of the utmost importance to find other solutions than adjustment and to achieve economic and social recovery in those countries.

62. Paragraph 66 failed to mention the Interregional Consultation on Developmental Social Welfare Policies and Programmes which had been held at Vienna in 1987 and had approved a set of guidelines for social development. Furthermore, paragraph 69, the only paragraph dealing with the social development programmes of the agencies and the system as a whole, was incomplete and gave disproportionate attention to the problem of AIDS.

63. In paragraph 86, it must be clearly indicated that operational activities for development should above all reflect the national priorities of the developing countries. With regard to refugees and migrant workers, there was a need to clarify the role to be played by the United Nations in that field.

64. The subject of interdependence of the financial, monetary and commercial sectors, including the problems of indebtedness and net resource transfers from the developing to the developed countries, was not dealt with in the draft introduction; it was essential to highlight the priority given to that issue by the developing countries. Lastly, in some cases a more appropriate balance should be established between the various questions in relation to their importance: the topic of the environment, for example, was referred to throughout the draft, but more emphasis should be placed on the need to find early solutions to the most pressing economic and social problems.

65. He hoped that the views expressed regarding the draft introduction under consideration would not go unheeded and that they would be taken into consideration both at the next session of CPC and at the forthcoming session of the General Assembly.

66. Mr. DASGUPTA (India) said that, in general, he endorsed the comments made by the Observer for Tunisia speaking on behalf of the Group of 77 concerning the draft introduction (A/43/329, annex) and wished to add only a few preliminary observations, as well as to stress that his delegation would like that document to be discussed in more detail by the main committees of the General Assembly.

67. His delegation felt that the various concerns which had been raised by Governments during the twenty-seventh session of CPC and at the forty-second session of the General Assembly had not been taken fully into account. In general, while the document under consideration, unlike the paper entitled "Some perspectives on the work of the United Nations in the 1990s", endeavoured to present many of the mandates established at the intergovernmental level, it did not set out a coherent strategy for the discharge of those mandates. Concerning the reduction in the number of major programmes, it was essential to ensure that other areas of concern to the international community, and in particular to the developing countries, were not excluded.

68. Section C of part II, dealing with the economic and social advancement of all peoples, did not focus sufficient attention on the course of future action in that field. Particular emphasis must be placed on the relationship between the International Development Strategy for the Fourth United Nations Development Decade and the medium-term plan, especially in the light of the time-frames which they covered, and it was vital that the plan should take into account the decisions that would be adopted at the intergovernmental level under the new Strategy. Indeed, the plan should be adopted only after incorporation of all the elements of that Strategy.

69. His delegation was particularly concerned by the absence of any reference in the draft introduction to the question of resource flows to developing countries, an issue which it considered of great importance, or to the stagnation in the level of ODA and the phenomenon of the net transfer of resources to the developed countries. It also deplored the way in which poverty alleviation was treated in paragraphs 11, 63 and 106 of the draft. For developing countries, the elimination of poverty was not only a moral imperative or critical element, but the most important objective of socio-economic development; human resources development was only one factor contributing to that objective, and the focus of attention should continue to be on the external economic environment and on ways to make it more supportive of the development efforts of developing countries through increased international co-operation.

70. Regarding the need to maintain a global ecological balance, paragraph 50 of the draft referred to the "interrelationship between resources, development, en-

vironment and population". In that connection, the relevant factor was not so much population *per se* as its geographical distribution and the extreme disparities in per capita consumption of resources between the developing and developed countries.

71. On the subject of co-ordination, which was mentioned in paragraph 87 in the context of operational activities for development, his delegation wished to reiterate its view that co-ordination at the national level was the responsibility of the recipient countries themselves and that the role of the United Nations system should be confined to enhancing those countries' capacities in that field at their request. The larger question of system-wide co-ordination among United Nations bodies, organizations, funds and programmes, including the specialized agencies, did not appear to have received any attention in the draft introduction.

72. Mr. KERKINOS (Greece), speaking on behalf of the EEC and its member States, said that he wished to make a number of general comments on the economic and social topics contained in the draft introduction (A/43/329, annex), on the understanding that the in-depth study would be discussed by CPC and the Fifth Committee. The Twelve had contributed constructively to the fruitful results of the current reform exercise and looked forward to seeing those results incorporated in the final medium-term plan so that the effective, consistent and co-ordinated application of the programmes could be assured.

73. The Twelve believed that respect for human dignity was a central element in the respect of human rights and attached paramount importance to the struggle against terrorism. In their view, the concept of human rights above all denoted protection of the individual against the State. Bearing that in mind, it was important to maintain and strengthen the existing human rights mechanisms of the United Nations system, including the committees and special rapporteurs entrusted with monitoring their implementation. Particular attention should also be paid to combating racism in all its forms and to implementation of the Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment.

74. International economic co-operation likewise held an essential place in United Nations activities. Although during the first part of the 1980s the world economy in general and the development process in particular had experienced a number of setbacks, positive rates of growth in both developed and developing countries had subsequently created a more favourable environment for tackling a number of issues, such as the external debt problem and the situation of the least developed countries.

75. Other questions, such as population growth, the deterioration of the environment, food production and the management of water and energy resources, required well-considered and consistent action and would have to be dealt with in the framework of a wider dialogue involving the United Nations system and other governmental organizations, and also sometimes non-governmental organizations. At the same time, the countries of the Community were in agreement with the Secretary-General that in the economic and social fields the United Nations had a two-fold role, both to provide a universal forum for the consideration of the issues just mentioned and to endeavour to harmonize co-operation and the development process at the international level.

76. A number of points were of particular interest to the Community. The first concerned environmental problems: in that regard, the United Nations system had a role to play in bringing about agreement between all Governments on shared concerns, perceptions and objectives. Sustainable development needed a strong intersectoral approach, since it was a concept encompassing demographic trends, food security, the environment and energy. The question of the integration of women in development was of equal importance: the bodies of the United Nations system should continue to disseminate information on national experiences and analyse the role of women in the development process. Lastly, international drug control should be even more intensified with the assistance of the appropriate United Nations division. In that regard, the Declaration of the International Conference on Drug Abuse and Illicit Trafficking,[7] proclaimed in 1987, was a welcome expression of the political will of all nations to combat the drug menace.

77. In conclusion, he pointed out that the United Nations might first have to go through structural and organizational changes before the medium-term plan would come into effect, and in that regard he hoped that in the 1990s the Organization's activities would be characterized by more flexibility and efficiency.

78. Mr. RWAMBUYA (Programme Planning and Budgeting Division) welcomed the very useful comments made by delegations, which would enable the Secretariat to improve the draft introduction (A/43/329, annex). He pointed out that the document had been prepared in response to General Assembly resolution 41/123, which called for wide consultations between Member States on that subject, and that CPC had stipulated that the next plan should be improved in its content and presentation.

79. If CPC and ACABQ were to consider the final document during the first half of 1990, instructions for the preparation of the next plan would have to be issued as soon as possible given that programme managers might have to adjust their submissions to reflect any changes resulting from the reviews of intergovernmental bodies.

80. The structure of the plan proposed in the annex to document A/43/329 could, of course, be modified if consultations showed that there was a need to do so. It should be made clear, however, that a reduction in the number of major and other programmes did not mean a reduction in content or programme activities. The plan should contain the principal policy directives of the

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[7] *Report of the International Conference on Drug Abuse and Illicit Trafficking, Vienna, 17-26 June 1987* (United Nations publication, Sales No. E.87.I.18), chap. I, sect. B.

Organization and should be reasonably flexible, as no one could forecast precisely what the actual needs would be in eight years' time. Lastly, the proposed priority areas were set out in part III of the annex and to a large extent reflected those raised during the discussion. Moreover, the Secretariat had taken due note of the areas to which delegations had attached importance.

81. The Secretariat hoped that the Council would endorse the draft introduction and would take the Council's views and guidelines into account not only in finalizing the plan, but also in drafting instructions for its preparation.

82. In addition, he wished to point out that CPC, at its twenty-fourth session, had invited the Secretariat to prepare an in-depth evaluation of the programme on development issues and policies, and the conclusions of that evaluation would be submitted to CPC in 1989. The purpose of the exercise was to assess the effectiveness of the programme's activities in relation to the needs of Member States, to identify the factors which might have contributed to or hindered the usefulness of the activities reviewed, to draw conclusions and to formulate recommendations. Contributions to the evaluation from members of the Council were essential to its success, and a questionnaire had been prepared for that purpose. Delegations were requested to give their views on the reports submitted to them under agenda item 2. The Secretariat hoped that a large number of delegations would respond to the questionnaire, since the information collected would be one of the sources on which the conclusions of the evaluation would be based.

83. Mr. LABERGE (Canada) said that, in his view, the methodological presentation of the questionnaire was by no means appropriate and that the replies to it were likely to be subjective in nature.

The meeting rose at 1.20 p.m.

38th meeting

Tuesday, 26 July 1988, at 3.20 p.m.

President: Mr. Andrés AGUILAR (Venezuela)

E/1988/SR.38

AGENDA ITEM 10

Trade and development

REPORT OF THE FIRST (ECONOMIC) COMMITTEE

1. The PRESIDENT invited the Council to consider the draft decision entitled "Report of the Trade and Development Board", in paragraph 6 of the report (E/1988/108).

The draft decision was adopted (decision 1988/155).

2. The PRESIDENT announced that the Council had concluded its consideration of agenda item 10.

AGENDA ITEM 12

International co-operation in the field of human settlements

REPORT OF THE FIRST (ECONOMIC) COMMITTEE

3. The PRESIDENT invited the Council to consider the draft decision entitled "Report of the Commission on Human Settlements", in paragraph 5 of the report (E/1988/109).

The draft decision was adopted (decision 1988/156).

4. The PRESIDENT announced that the Council had concluded its consideration of agenda item 12.

AGENDA ITEM 13

Development and utilization of new and renewable sources of energy

REPORT OF THE FIRST (ECONOMIC) COMMITTEE

5. The PRESIDENT invited the Council to consider the draft decision entitled "Report of the Committee on the Development and Utilization of New and Renewable Sources of Energy", in paragraph 9 of the report (E/1988/110).

The draft decision was adopted (decision 1988/157).

6. Mr. EL GHOUAYEL (Observer for Tunisia), speaking on behalf of the Group of 77, said that the Group had been somewhat disappointed by the lack of support during the informal consultations referred to in the report, particularly in view of the concern voiced earlier about the issues. He wished to place on record the fact that the Group of 77 had from the outset urged the application of specific measures as speedily as possible, which *inter alia* would enhance the Council's role and competence in the matter, and had made every effort to secure their adoption.

7. Mr. HARRISON (United Kingdom) said that his delegation too had been disappointed by the lack of progress. He endorsed the statement made by the Observer for Tunisia on behalf of the Group of 77.

8. The PRESIDENT announced that the Council had concluded its consideration of agenda item 13.

AGENDA ITEM 3

In-depth study of the United Nations intergovernmental structure and functions in the economic and social fields: *(a)* report of the Special Commission of the Economic and Social Council on the In-depth Study of the United Nations Intergovernmental Structure and Functions in the Economic and Social Fields; *(b)* the Economic and Social Council (*continued*)

9. Mr. EL GHOUAYEL (Observer for Tunisia) introduced, on behalf of the Group of 77, the draft decision entitled "Report of the Special Commission of the Economic and Social Council on the In-depth Study of the United Nations Intergovernmental Structure and Functions in the Economic and Social Fields" (E/1988/L.46). With reference to subparagraph (*a*) of the text, he pointed out that the words "and the support structures of the Secretariat" should be added at the end.

AGENDA ITEM 5

International development strategy for the fourth United Nations development decade (*continued**)

10. He also introduced, on behalf of the Group of 77, the draft resolution entitled "International development strategy for the fourth United Nations development decade" (E/1988/L.47).

AGENDA ITEM 2

General discussion of international economic and social policy, including regional and sectoral developments (*continued*)

11. The PRESIDENT invited the Council to consider the revised draft resolution, entitled "Economic aspects of women in development" (E/1988/L.33/Rev.1). The revised text was the outcome of informal consultations.

The revised draft resolution was adopted (resolution 1988/49).

AGENDA ITEM 15

Special economic, humanitarian and disaster relief assistance

REPORT OF THE THIRD (PROGRAMME AND CO-ORDINATION) COMMITTEE

12. The PRESIDENT invited the Council to consider draft resolution I, "Assistance for the reconstruction and the development of Lebanon", draft resolution II, "Assistance in cases of natural disaster and other disaster situations: Office of the United Nations Disaster Relief Co-ordinator", and draft resolution III, "United Nations assistance programmes relating to Afghanistan", in paragraph 21 of the report (E/1988/111). The Committee also recommended the adoption of the draft decision "Oral reports relating to special economic, humanitarian and disaster relief assistance" (*ibid.*, para. 22).

Draft resolutions I, II and III (resolutions 1988/50, 1988/51 and 1988/52) *and the draft decision* (decision 1988/158) *were adopted.*

13. Mr. BABINGTON (Australia) said that, although his delegation had joined the consensus on the texts adopted in the Committee, it had expressed its disappointment that a further opportunity had been lost to clarify the authority of UNDRO and the tasks of the United Nations system as a whole in cases of natural disaster and other disaster situations. Draft resolution II sought to prescribe for UNDRO a role which had not yet been demonstrated. The requested increase in funding therefore remained open to question, as did the overall effectiveness of the United Nations system in that sphere.

14. The PRESIDENT announced that the Council had concluded its consideration of agenda item 15.

AGENDA ITEM 19

Implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples by the specialized agencies and the international institutions associated with the United Nations

REPORT OF THE THIRD (PROGRAMME AND CO-ORDINATION) COMMITTEE

15. The PRESIDENT invited the Council to consider draft resolutions I and II, in paragraph 14 of the report (E/1988/107).

16. In the case of draft resolution I, "Implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples by the specialized agencies and the international institutions associated with the United Nations", the Committee had taken separate votes on the seventh and thirteenth preambular paragraphs and on operative paragraph 9. He took it that the Council would wish to do the same. The United States delegation had requested that all the votes should be taken by roll-call.

A vote was taken by roll-call on the seventh preambular paragraph of draft resolution I.

The Union of Soviet Socialist Republics, having been drawn by lot by the President, was called upon to vote first.

In favour: Australia, Bolivia, Bulgaria, Byelorussian Soviet Socialist Republic, Canada, China, Colombia, Cuba, Egypt, German Democratic Republic, Ghana,

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* Resumed from the 36th meeting.

Guinea, India, Iran (Islamic Republic of), Iraq, Jamaica, Lesotho, Liberia, Libyan Arab Jamahiriya, Mozambique, Oman, Pakistan, Panama, Peru, Poland, Rwanda, Saudi Arabia, Sierra Leone, Somalia, Sri Lanka, Sudan, Syrian Arab Republic, Trinidad and Tobago, Union of Soviet Socialist Republics, Venezuela, Yugoslavia, Zaire.

Against: United Kingdom of Great Britain and Northern Ireland, United States of America.

Abstaining: Belgium, Denmark, France, Germany, Federal Republic of, Greece, Ireland, Italy, Japan, Norway, Portugal, Uruguay.

The seventh preambular paragraph of draft resolution I was adopted by 37 votes to 2, with 11 abstentions.

A vote was taken by roll-call on the thirteenth preambular paragraph of draft resolution I.

Djibouti, having been drawn by lot by the President, was called upon to vote first.

In favour: Bolivia, Bulgaria, Byelorussian Soviet Socialist Republic, China, Colombia, Cuba, Egypt, German Democratic Republic, Ghana, Guinea, India, Iran (Islamic Republic of), Iraq, Jamaica, Lesotho, Liberia, Libyan Arab Jamahiriya, Mozambique, Oman, Pakistan, Panama, Peru, Poland, Rwanda, Saudi Arabia, Sierra Leone, Somalia, Sri Lanka, Sudan, Syrian Arab Republic, Trinidad and Tobago, Union of Soviet Socialist Republics, Uruguay, Venezuela, Yugoslavia, Zaire.

Against: United States of America.

Abstaining: Australia, Belgium, Canada, Denmark, France, Germany, Federal Republic of, Greece, Ireland, Italy, Japan, Norway, Portugal, United Kingdom of Great Britain and Northern Ireland.

The thirteenth preambular paragraph of draft resolution I was adopted by 36 votes to 1, with 13 abstentions.

A vote was taken by roll-call on operative paragraph 9 of draft resolution I.

Uruguay, having been drawn by lot by the President, was called upon to vote first.

In favour: Bolivia, Bulgaria, Byelorussian Soviet Socialist Republic, China, Colombia, Cuba, Egypt, German Democratic Republic, Ghana, Guinea, India, Iran (Islamic Republic of), Iraq, Jamaica, Lesotho, Liberia, Libyan Arab Jamahiriya, Mozambique, Oman, Pakistan, Panama, Peru, Poland, Rwanda, Saudi Arabia, Sierra Leone, Somalia, Sri Lanka, Sudan, Syrian Arab Republic, Trinidad and Tobago, Union of Soviet Socialist Republics, Uruguay, Venezuela, Yugoslavia, Zaire.

Against: United States of America.

Abstaining: Australia, Belgium, Canada, Denmark, France, Germany, Federal Republic of, Greece, Ireland, Italy, Japan, Norway, Portugal, United Kingdom of Great Britain and Northern Ireland.

Operative paragraph 9 of draft resolution I was adopted by 36 votes to 1, with 13 abstentions.

A vote was taken by roll-call on draft resolution I as a whole.

Uruguay, having been drawn by lot by the President, was called upon to vote first.

In favour: Bolivia, Bulgaria, Byelorussian Soviet Socialist Republic, China, Colombia, Cuba, Egypt, German Democratic Republic, Ghana, Guinea, India, Iran (Islamic Republic of), Iraq, Jamaica, Lesotho, Liberia, Libyan Arab Jamahiriya, Mozambique, Norway, Oman, Pakistan, Panama, Peru, Philippines, Poland, Rwanda, Saudi Arabia, Sierra Leone, Somalia, Sri Lanka, Sudan, Syrian Arab Republic, Trinidad and Tobago, Union of Soviet Socialist Republics, Uruguay, Venezuela, Yugoslavia, Zaire.

Against: United States of America.

Abstaining: Australia, Belgium, Canada, Denmark, France, Germany, Federal Republic of, Greece, Ireland, Italy, Japan, Portugal, United Kingdom of Great Britain and Northern Ireland.

Draft resolution I as a whole was adopted by 38 votes to 1, with 12 abstentions (resolution 1988/53).

17. Mr. LABERGE (Canada) regretted that the co-sponsors of draft resolution I had insisted on a wording concerning IMF, in the thirteenth paragraph of the preamble and operative paragraph 9, that did not reflect reality. By its very nature IMF was a technical body, whose articles of agreement ensured its independence from outside political interference. Its design was much influenced by the freedom of the Western democracies' central banks from political involvement. Acceptance of the wording of those paragraphs would mean that there would be nothing to prevent other political decisions from again interfering with IMF, and thus destroying the independence to which its members had attached the highest importance from the beginning.

18. Mr. BABINGTON (Australia) said that his delegation's abstention in the vote on draft resolution I should in no way be seen as a lessening of his Government's long-standing opposition to *apartheid*. It had been able to support much of the text, as its vote in favour of the seventh preambular paragraph indicated. It had been obliged, however, to abstain on the resolution as a whole because of the unacceptable references to IMF and other international financial institutions. It had been obliged to abstain for the same reason on Council resolutions 1986/48 of 22 July 1986 and 1987/78 of 8 July 1987. It urged the co-sponsors of the resolution to consider, for the purpose of any future texts, that references to IMF and similar institutions did little to advance the possibility of consensus, or to ensure that the Council or the General Assembly spoke with one voice on the critical substantive issue addressed in the greater part of the resolution.

19. Mr. VASSALOS (Greece), speaking on behalf of the EEC and its member States, said that the position of those States on Namibia was clear and unequivocal. The only acceptable basis for a peaceful and lasting solution was the full implementation of Security Council resolutions 385 (1976) of 30 January 1976 and 435 (1978) of 29

January 1978 without preconditions. They had urged the Government of South Africa repeatedly to cease its illegal occupation of Namibia at once and co-operate in the implementation of the Settlement Plan, and had declared that they considered the establishment of a so-called transitional government null and void. The objective of Community policy in regard to South Africa was the total dismantling of *apartheid* and its replacement by a genuinely democratic, non-racial system of government. The 12 States members of the Community had condemned the *apartheid* system as immoral and called for the total eradication of the concept of separate development, the policy of bantustans, and the innumerable examples of political, administrative, social and economic discrimination imposed on the non-white population. They had urged the Government of South Africa, in order to allow a process of peaceful change to begin, to lift the state of emergency, remove all discriminatory legislation, terminate detention without trial, release all political prisoners and detainees, including Nelson Mandela, without conditions, abandon the practice of forced removals, lift the prohibition from engaging in political activities of 17 South African organizations opposed to *apartheid*, halt the ban on the African National Congress, the Pan Africanist Congress of Azania and other political parties, and establish a constructive national dialogue involving all political groups, across the lines of colour, politics and religion.

20. In recent years, the 12 member States of the EEC had adopted a series of restrictive measures designed to impress on the South African Government the need for fundamental reform. That policy remained under constant review. The Community and its member States had continually condemned the South African policies of destabilization and aggression against the front-line and neighbouring States and would continue to implement their programme of assistance to the victims of *apartheid* and to promote economic co-operation with the Southern African Development Co-ordination Conference and its nine member States.

21. However, the 12 member States did not consider the situation in South Africa to be a problem of decolonization and they did not, therefore, believe that it figured properly under agenda item 19. They also wished to reaffirm their conviction that the autonomy of the international financial institutions should not be compromised.

22. Mr. VIK (Norway) said that his delegation had voted in favour of draft resolution I. Norway's commitment to the struggle for independence for Namibia was well known. It believed that a solution had to be found on the basis of Security Council resolution 435 (1978) and by its vote in favour had expressed its support for the resolution's main thrust. The system of *apartheid* in South Africa represented a serious threat to international peace and security and must be abolished. His delegation did not, however, regard the situation in South Africa as a question of decolonization. He also wished to express his delegation's reservations in respect of the thirteenth preambular paragraph and operative paragraph 9, in its abstention on those two paragraphs, on the grounds that they were contrary to the established autonomy of the international financial institutions, which should not be compromised.

23. Mr. GIANELLI (Uruguay) said that his delegation wished to record a vote in favour of the seventh preambular paragraph rather than an abstention.

24. The PRESIDENT invited the Committee to consider draft resolution II, entitled "Assistance to the Palestinian people" and the proposed amendment (E/1988/L.48) to that text.

25. Mr. STOBY (Secretary to the Council) said that the word "and" in the penultimate line of the fifth preambular paragraph of the draft resolution should be replaced by "including".

26. Mr. HASSAN (Sudan), speaking also on behalf of the delegations of Egypt, German Democratic Republic, Iraq, Libyan Arab Jamahiriya, Morocco, Pakistan, Saudi Arabia, Somalia, Syrian Arab Republic, Tunisia and Zimbabwe, introduced the proposed amendment (E/1988/L.48), which called for the insertion of a new paragraph after operative paragraph 14 requesting the Secretary-General to issue immediately a corrigendum to his report on assistance to the Palestinian people that would bring the language strictly into line with General Assembly resolution 42/166 and resolution II itself. He stressed that the sponsors had at first acquiesced in the ruling by the President that the matter should be dealt with by the Secretariat but had become convinced that for reasons not understood the Secretariat found itself constrained. The language of the report was not consistent with the General Assembly resolution, as had been pointed out in the Third Committee on several occasions. The sponsors, who had offered their good offices, had been promised that their request would be attended to. Nothing further had been done, however, and the sponsors hoped that, by adopting the proposed amendment, the Council could dispose of the issue once and for all. While they had no wish to reopen the discussion of the issue, they felt strongly that the Council, as master of its own procedure, should adopt the proposed amendment.

A vote was taken by roll-call on the proposed amendment (E/1988/L.48).

Djibouti, having been drawn by lot by the President, was called upon to vote first.

In favour: Bolivia, Bulgaria, Byelorussian Soviet Socialist Republic, China, Colombia, Cuba, Egypt, German Democratic Republic, Ghana, Guinea, India, Iran (Islamic Republic of), Iraq, Lesotho, Liberia, Libyan Arab Jamahiriya, Mozambique, Oman, Pakistan, Panama, Peru, Philippines, Poland, Rwanda, Saudi Arabia, Sierra Leone, Somalia, Sri Lanka, Sudan, Syrian Arab Republic, Union of Soviet Socialist Republics, Venezuela, Yugoslavia, Zaire.

Against: United States of America.

Abstaining: Australia, Belgium, Canada, Denmark, France, Germany, Federal Republic of, Greece, Ireland, Italy, Jamaica, Japan, Norway, Portugal, Trinidad and

Tobago, United Kingdom of Great Britain and Northern Ireland, Uruguay.

The proposed amendment was adopted by 34 votes to 1 with 16 abstentions.

A vote was taken by roll-call on draft resolution II as amended.

The German Democratic Republic, having been drawn by lot by the President, was called upon to vote first.

In favour: Bolivia, Bulgaria, Byelorussian Soviet Socialist Republic, China, Cuba, Egypt, German Democratic Republic, Ghana, Guinea, India, Iran (Islamic Republic of), Iraq, Lesotho, Liberia, Libyan Arab Jamahiriya, Mozambique, Oman, Pakistan, Panama, Peru, Philippines, Poland, Rwanda, Saudi Arabia, Sierra Leone, Somalia, Sri Lanka, Sudan, Syrian Arab Republic, Union of Soviet Socialist Republics, Venezuela, Yugoslavia, Zaire.

Against: United States of America.

Abstaining: Australia, Belgium, Canada, Colombia, Denmark, France, Germany, Federal Republic of, Greece, Ireland, Italy, Jamaica, Japan, Norway, Portugal, Trinidad and Tobago, United Kingdom of Great Britain and Northern Ireland, Uruguay.

Draft resolution II, as amended, was adopted by 33 votes to 1 with 17 abstentions (resolution 1988/54).

27. Mr. HENRY (Trinidad and Tobago) explained that, in the absence of a separate vote on operative paragraphs 12 and 13, his delegation had abstained in the vote on the resolution as a whole in spite of its belief that the resolution had considerable merit.

28. Mr. PIEDRA (United States of America) said that his Government firmly supported assistance to the Palestinian people. Over the past two years, it had contributed $22.5 million, channelled through private organizations and programmes administered by the Jordanian Government, to provide assistance for Palestinians in the West Bank and Gaza Strip. It hoped that other Governments would follow that example. The United States Government did not, however, believe that the PLO was the sole representative of the Palestinian people. It would not channel any funds through that Organization and would cut off support for any organization that attempted to divert United States funds to the PLO.

29. The United States supported a comprehensive peace plan for the Middle East, which could not, however, be put into effect until the PLO explicitly recognized the right of Israel to exist behind secure borders.

30. Mr. VASSALOS (Greece), speaking on behalf of the EEC and its member States, said that they were providing substantial humanitarian assistance to Palestinian refugees, including food aid and financial support, channelled through non-governmental organizations, for projects to help Palestinians in the occupied territories and elsewhere. With regard to trade, the Community had adopted autonomous tariff arrangements that included duty-free access for Palestinian industrial products and preferential duties for certain agricultural products. The Community had also recognized the Chambers of Commerce in the West Bank and the Gaza Strip as qualified to issue certificates of origin and provide the necessary admnistrative support. In its relations with Israel, the Community had repeatedly stressed the importance it attached to effective implementation of its trade measures and the avoidance of any administrative or other obstacles to Palestinian exports. The Community countries would continue to grant such aid both bilaterally and through Community channels, in addition to aid delivered by the relevant United Nations bodies, such as UNRWA and UNDP.

31. The member States of the Community had abstained in the vote on the draft resolution, but their abstention should not be interpreted as reflecting any doubt about the desirability of granting aid to the Palestinian people or about the need for such aid. Their positive vote in past years amply demonstrated the Community's commitment in that respect. They continued to be determined to work for improvements in the living conditions of the Palestinian people in the occupied territories. They had, however, been unable to support the draft resolution because it contained unacceptable elements particularly in operative paragraphs 8, 12 and 13. Other paragraphs, for example, operative paragraph 3, raised technical, and in some cases, financial problems. The States members of the Community had tried to co-operate in achieving agreement on an acceptable text that would focus on the real issue, assistance to the Palestinian people, and regretted that their views had not been taken into account. They were also doubtful about the advisability of including in the draft ideas and provisions outside the competence of the Council.

32. Finally, with regard to the amendment (E/1988/L.48), they wished to make it clear that they had been unable to support it because of the reference it contained to the language of the draft resolution itself.

33. Mr. DE ROJAS (Venezuela) said that his delegation had voted in favour of the draft resolution but would have abstained on operative paragraphs 8, 12 and 13 if they had been put separately to the vote. His delegation had also voted in favour of the amendment (E/1988/L.48) although it believed that the summary records of the plenary meetings in which that matter had been discussed would have given the Secretary-General sufficient guidance to make the needed correction.

34. Mr. MUÑOZ (Peru) said that his delegation had voted in favour of the draft resolution for reasons of principle, but would have abstained on operative paragraph 12 if a separate vote had been taken.

35. MR. ESPAÑA-SMITH (Bolivia) said that his delegation had voted in favour of the draft resolution because of its sympathy and solidarity with the Palestinian people, and because it was a basic principle of Bolivia's foreign policy to condemn the occupation of territory by force. If there had been a separate vote, it would have abstained on operative paragraphs 12 and 13.

36. Mr. VIK (Norway) said that his delegation had abstained in the vote on the draft resolution, which, in its view, was unbalanced in its approach to the underlying question and contained unacceptable elements, especially in operative paragraphs 3, 8, 12 and 13. Norway believed that matters outside the Council's competence should, in principle, be excluded from its resolutions.

37. He wished, however, to emphasize that his Government fully supported efforts to improve the economic and social conditions of the Palestinian people in the Israeli-occupied territories and elsewhere. Norway was providing considerable humanitarian assistance to them, especially through UNRWA, to which it was contributing $10 million in the current year. It was also making significant contributions through voluntary organizations to promote small-scale development. Norway was, moreover, committed to facilitating imports from the occupied territories, which it treated on the same preferential basis as those from the rest of the region.

38. Efforts should be intensified to reach a just and lasting solution to the Arab-Israeli conflict, which was the main obstacle to the economic and social development of the Palestinian people.

39. Ms. UMAÑA (Colombia) said that her Government supported the cause of the Palestinian people and, accordingly, the general thrust of the draft resolution. Consistently, however, with Colombia's stance on the system of trade preferences at the sixth session of the United Nations Conference on Trade and Development, her delegation would have had to abstain on operative paragraphs 8 and 10, if there had been a separate vote, and would have preferred more constructive wording in operative paragraphs 12 and 13. In the absence of a separate vote, her delegation had been obliged to abstain in the vote on the draft resolution as a whole.

40. Mr. ZIADA (Iraq) thanked all delegations that had supported the draft resolution and shown their sympathy for the Palestinian cause.

41. There could be no true assistance to the Palestinians outside the framework of self-determination and human rights, and those who claimed that such matters did not fall within the competence of the Council knew nothing of the Charter of the United Nations or the true mission of the Council. It was very clear that the crime committed against the Palestinian people by a General Assembly resolution had to be corrected, and it was high time that delegations which talked of human rights and self-determination recognized that those principles could not be proclaimed selectively.

42. According to press reports, for example, in the *International Herald Tribune* of 15 July, Palestinian people in the occupied territories were being confined to their homes and kept under curfew at the behest of the occupying authorities. In such circumstances, it was not enough to talk about the food aid that had been sent. Moreover, even humanitarian assistance was being obstructed by the Zionist authorities, as was shown by the experience of his Government. One third of a recent Iraqi contribution of food and medical supplies had, according to UNRWA, been rejected by the Zionist forces on security grounds. Since UNRWA had suggested that the supplies be re-routed to Palestinian refugees in Lebanon—at the expense of the Iraqi Government—it was clear that UNRWA accepted the *bona fide* nature of the consignment. Another example of Zionist callousness had been reported in *The New York Times* on 10 July, where it was stated that fees in Government hospitals in the occupied West Bank were being doubled, and stringent guarantees of payment required, irrespective of the medical condition of the patients concerned. Other new measures reported were a halt to building projects at government hospitals in the West Bank, and the termination of exemption from payment by Arabs wounded in the uprising. It was, therefore, obvious that medical help was not getting through to the Palestinian people, and that that was a device to try to suppress their struggle for self-determination.

43. There were, however, some heartening signs that the international community was becoming aware of its responsibilities towards the Palestinians. An item in *The Sunday Times* of 17 July reported that a Minister from the Foreign Office of the United Kingdom, Mr. Mellor, had compared Israel under its present Government to South Africa and had expressed the view that there was no hope for progress towards peace in the Middle East so long as the present Israeli Prime Minister remained in office.

44. His delegation called on all true believers in human rights and self-determination to give serious thought to providing real support—not only food aid—to the Palestinian people. Members of the Council must light a beacon that would serve as a guide to those who appeared blind to what was truly needed.

45. Mr. KUMBU-KI-LUTETE (Zaire) said that his delegation had voted in favour of the draft resolution in line with his Government's declared policy never to acquiesce in the occupation of the Arab territories. On the other hand, it was also a principle of Zaire's foreign policy that the State of Israel should be recognized, and if the draft had rejected such recognition his delegation would have been obliged to abstain or vote against it.

46. The PRESIDENT announced that the Council had concluded its consideration of agenda item 19.

AGENDA ITEM 1

Adoption of the agenda and other organizational matters (*continued***)

47. The PRESIDENT suggested that the Council should adopt the recommendation regarding the holding of pre-conference consultations prior to the conference of plenipotentiaries for the adoption of a convention against illicit traffic in narcotic drugs and psychotropic substances (E/1988/L.41).

It was so decided (decision 1988/159).

The meeting rose at 4.55 p.m.

** Resumed from the 22nd meeting.

39th meeting

Wednesday, 27 July 1988, at 3.20 p.m.

President: Mr. Andrés AGUILAR (Venezuela)

E/1988/SR.39

AGENDA ITEM 3

In-depth study of the United Nations intergovernmental structure and functions in the economic and social fields: (*a*) report of the Special Commission of the Economic and Social Council on the In-depth Study of the United Nations Intergovernmental Structure and Functions in the Economic and Social Fields; (*b*) the Economic and Social Council (*continued*)

1. Mr. KERKINOS (Greece), introducing the draft resolution entitled "Reform of the intergovernmental structure and functions in the economic and social fields, including the functioning of the Economic and Social Council " (E/1988/L.49), said that Luxembourg should be added to the list of sponsors. He drew attention to a drafting change: operative paragraph II 2 (*e*) should be renumbered II 1 (*c*) and the other paragraphs renumbered accordingly.

2. While not all member countries of the EEC had joined in sponsoring the draft resolution, it enjoyed the general support of the Twelve. The sponsors believed that it would be more profitable to approach the restructuring exercise on the basis of a neutral paper instead of the proliferation of statements of fixed positions that had characterized the session of the Special Commission.

3. The PRESIDENT suggested that discussion of the draft resolution should be deferred to allow time for informal consultations.

It was so agreed.

AGENDA ITEM 2

General discussion of international economic and social policy, including regional and sectoral developments (*continued*)

4. Mr. PASHKEVICH (Byelorussian Soviet Socialist Republic), speaking as a Vice-President of the Council, said that it had been agreed in informal consultations to modify paragraph (*b*) of the draft decision to read: "To request the Secretary-General to continue to monitor the evolution of the phenomenon and to devote a separate chapter of the *World Economic Survey 1989* to this analysis."

The draft decision, as orally amended, was adopted (decision 1988/160).

5. Mr. DAWSON (United States of America) expressed his delegation's gratification that it had proved possible to adopt the draft decision without taking a vote. The issues involved were extremely important and must receive very careful consideration. During the informal consultations his delegation had received assurances that the Secretariat would proceed with the analysis in accordance with the definitions established by the World Bank and IMF, and that it would be able to provide regional breakdowns and include investment in trade flows in the analysis. His delegation would monitor the Secretariat's progress very closely.

6. Mr. DE MELLO BARRETO (Observer for Brazil) recalled that, during the informal negotiations, his delegation had suggested that the Secretariat analysis should take into account the impact of the net transfer of resources on internal adjustments in the developing countries, especially in the public sector.

AGENDA ITEM 17

International co-operation and co-ordination within the United Nations system (*continued**)

CONSIDERATION OF THE REPORT OF THE DIRECTOR-GENERAL OF WHO ON THE GLOBAL STRATEGY FOR THE PREVENTION AND CONTROL OF AIDS (*concluded**)

7. Mr. PASHKEVICH (Byelorussian Soviet Socialist Republic), speaking as a Vice-President of the Council, said that the sponsors of draft resolution E/1988/L.43, submitted at the 37th meeting had agreed that the word "present" should be added before "response" in operative paragraph 3.

8. Mr. BARRI (Observer for Spain) requested that his delegation's name be added to the list of sponsors.

The draft resolution, as orally amended, was adopted (resolution 1988/55).

9. Mr. KERKINOS (Greece) said that it was his understanding that a failure of communication had resulted in the omission of the name of one of the members of the EEC from the list of sponsors.

AGENDA ITEM 16

Operational activities for development

REPORT OF THE THIRD (PROGRAMME AND CO-ORDINATION) COMMITTEE

10. The PRESIDENT invited comments on the report (E/1988/116) and drew attention to draft decision I, en-

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* Resumed from the 37th meeting.

titled "Operational activities for development" and draft decision II, entitled "Reports of the governing bodies of the organizations of the United Nations system submitted in response to General Assembly resolution 42/196", which were contained in paragraph 16 of the report.

11. Mr. STOBY (Secretary of the Council) drew attention to three editorial corrections.

12. In paragraph 14 of the report (E/1988/116) the text should be amended to read as follows: "The Committee then decided to recommend to the Economic and Social Council that it transmit the draft decision to the General Assembly at its forty-third session for consideration and appropriate action (see para. 16 below, draft decision I)."

13. The first sentence of draft decision I should read as follows: "The Economic and Social Council recommends that the General Assembly at its forty-third session consider and take appropriate action on the draft decision annexed to the present decision."

14. In the annexed draft decision the opening words should read "The Economic and Social Council" and not "The General Assembly".

Draft decision I, as orally corrected, was adopted (decision 1988/165).

Draft decision II was adopted (decision 1988/166).

15. Mr. DIETZE (German Democratic Republic), referring to the letter from the representatives of Australia, Canada, the Federal Republic of Germany, Japan, the United Kingdom of Great Britain and Northern Ireland, and the United States of America (E/1988/106), which was mentioned in paragraph 1 (*d*) of the Committee's report (E/1988/116), said that it was regrettable that attempts to persuade the signatories to avoid ideological contention had been of no avail. Throughout the four years that similar documents had been presented to the Council—entailing an expenditure of funds that might have been put to better use—his delegation had maintained a constructive silence in the expectation that reason and respect for the differing positions of States on various United Nations activities would prevail. The time had come, however, to say "Enough is enough".

16. His delegation too could readily circulate documents reporting such statements as that of a permanent United States representative to the effect that UNDP was the American agency *par excellence* or the observation by another permanent representative that every dollar contributed by the United States in 1986 had been matched by an equal amount flowing directly back into the United States economy. Similar information from Canadian, United Kingdom and other Western Government and business sources could also be readily collected and circulated, and one might ponder the statement by a former deputy permanent representative of the United States to the effect that, as a percentage of per capita income, the United States contribution to many of the multilateral assistance and development programmes of the United Nations was one of the lowest.

17. But no one would benefit from such a procedure. The Council should conduct its discussions in a businesslike manner. What was wanted was honest co-operation, with each side respecting the other as it was. No more need be asked for, but no less was acceptable. Given that approach, all would benefit, including the work of the United Nations and its voluntary programmes.

18. Mr. KORN (United States of America) said that he had listened attentively to the quotations read out by the representative of the German Democratic Republic from remarks by United States officials past and present on development assistance issues. He noted that the representative had used the phrase "Enough is enough", but surely the point at issue was whether the contributions of the Eastern European countries to development were enough. When the United States delegation saw evidence that they were contributing appropriately, it would no longer consider it necessary to join with other delegations in circulating documents of the type referred to.

19. Mr. DIETZE (German Democratic Republic) said that he was somewhat surprised at the reaction to the remarks he had made. His delegation's response to the document circulated could surely have been expected, and it was a moderate one. He had used authentic sources and could readily add further quotations from them, but such controversy would not serve joint efforts to solve pressing international economic problems, and he hoped that the present exchange would be the last of its kind.

20. The PRESIDENT announced that the Council had concluded its consideration of agenda item 16.

AGENDA ITEM 17

International co-operation and co-ordination within the United Nations system (*continued*)

REPORT OF THE THIRD (PROGRAMME AND CO-ORDINATION) COMMITTEE

21. The PRESIDENT invited the Council to consider draft resolution I, entitled "System-wide medium-term plan for the advancement of women: equality, development and peace", and draft resolution II, entitled "System-wide co-ordination of activities to advance the status of women and to integrate women in development", which were contained in paragraph 32 of the report (E/1988/114).

The draft resolutions were adopted (resolutions 1988/59 and 1988/60).

22. The PRESIDENT invited the Council to consider draft resolution III, entitled "Consumer protection", contained in paragraph 32 of the report (E/1988/114).

The draft resolution was adopted (resolution 1988/61)

23. Mr. VIK (Norway) said that, with the adoption of draft resolution III, the Secretary-General had a clear mandate to enhance and develop guidelines for consumer protection. UNDP and other agencies could be expected to provide assistance not only to the Secretary-General but to Governments also.

24. Mrs. PACHECO (Uruguay) said that her Government regarded consumer protection as a highly important issue. Uruguay had hosted, in March 1987, the Latin American and Caribbean region's first intergovernmental seminar on consumer protection, and had been the first country to request United Nations expertise in implementing General Assembly resolution 39/248 and incorporating its guidelines into domestic legislation. Paragraph 3 of the text just adopted would be of particular help to developing country governments in implementing the guidelines.

25. The PRESIDENT invited the Council to consider draft resolution IV, entitled "Report of the Committee for Programme and Co-ordination", draft resolution V, entitled "Guidelines for international decades", and draft resolution VI, entitled "Joint meetings of the Committee for Programme and Co-ordination and the Administrative Committee on Co-ordination", which were contained in paragraph 32 of the report (E/1988/114).

The draft resolutions were adopted (resolutions 1988/62, 1988/63 and 1988/64).

26. The PRESIDENT invited the Council to consider the draft decision entitled "Reports considered by the Economic and Social Council in connection with the question of international co-operation and co-ordination within the United Nations system", contained in paragraph 33 of the report (E/1988/114).

The draft decision was adopted (decision 1988/167).

AGENDA ITEM 18

Programme questions (*concluded***)

REPORT OF THE THIRD (PROGRAMME AND CO-ORDINATION) COMMITTEE

27. The PRESIDENT pointed out that the recommendations of the Third (Programme and Co-ordination) Committee had already been dealt with under agenda item 17 and that no action was required on the report (E/1988/115).

DRAFT INTRODUCTION TO THE MEDIUM-TERM PLAN TO BEGIN IN 1992 (*concluded***)

28. In the absence of any proposals relating to the draft introduction to the next medium-term plan (A/43/329, annex), he proposed that the Council should consider a draft decision worded:

> "The Economic and Social Council decides
>
> "(*a*) To transmit the comments made by the members of the Council at its second regular session of 1988 (E/1988/SR.37) on the draft introduction to the medium-term plan for the period beginning in 1992 (A/43/329, annex) to the Committee for Programme and Co-ordination at its resumed twenty-eighth session;
>
> "(*b*) To hold a resumed session of the Council in order to consider the recommendations of the Committee for Programme and Co-ordination thereon."

29. The proposal was made on the understanding that the resumed session of the Council would be held within existing resources subject to established procedure and using the meeting facilities allocated to the Second Committee of the General Assembly.

30. In reply to a question by Mr. BARNETT (Jamaica), he confirmed that the comments referred to in the proposed text were those made by members of the Council during the meetings.

The draft decision was adopted (decision 1988/168).

31. The PRESIDENT invited the members of the Council to hold informal consultations with a view to scheduling the Council's resumed session at a time when it could consider the report of the CPC on its resumed twenty-eighth session.

AGENDA ITEM 8

Transnational corporations

REPORT OF THE FIRST (ECONOMIC) COMMITTEE

32. The PRESIDENT invited the Council to consider draft resolution I, entitled "Activities of transnational corporations in South Africa and Namibia", contained in paragraph 17 of the report (E/1988/113). In the Committee roll-call votes had been taken on operative paragraphs 5 and 7 and on the draft resolution as a whole. He took it that the Council would wish to follow the same procedure. A roll-call vote had also been requested on operative paragraph 9.

A vote was taken by roll-call on operative paragraph 5 of draft resolution I.

Djibouti, having been drawn by lot by the President, was called upon to vote first.

In favour: Australia, Bolivia, Bulgaria, Byelorussian Soviet Socialist Republic, China, Colombia, Cuba, Denmark, Egypt, German Democratic Republic, Ghana, Greece, Guinea, India, Iran (Islamic Republic of), Iraq, Italy, Jamaica, Liberia, Libyan Arab Jamahiriya, Mozambique, Norway, Oman, Pakistan, Panama, Peru, Philippines, Poland, Rwanda, Saudi Arabia, Sierra Leone, Somalia, Sri Lanka, Sudan, Trinidad and Tobago, Union of Soviet Socialist Republics, Uruguay, Venezuela, Yugoslavia, Zaire.

** *Idem.*

Against: United Kingdom of Great Britain and Northern Ireland, United States of America.

Abstaining: Belgium, Canada, France, Germany, Federal Republic of, Ireland, Japan, Lesotho, Portugal.

Operative paragraph 5 of the draft resolution was adopted by 40 votes to 2, with 8 abstentions.

A vote was taken by roll-call on operative paragraph 7 of draft resolution I.

Lesotho, having been drawn by lot by the President, was called upon to vote first.

In favour: Australia, Bolivia, Bulgaria, Bylorussian Soviet Socialist Republic, China, Colombia, Cuba, Denmark, Egypt, German Democratic Republic, Ghana, Greece, Guinea, India, Iran (Islamic Republic of), Iraq, Italy, Jamaica, Liberia, Libyan Arab Jamahiriya, Mozambique, Norway, Oman, Pakistan, Panama, Peru, Philippines, Poland, Rwanda, Saudi Arabia, Sierra Leone, Somalia, Sri Lanka, Sudan, Trinidad and Tobago, Union of Soviet Socialist Republics, Uruguay, Venezuela, Yugoslavia, Zaire.

Against: United Kingdom of Great Britain and Northern Ireland, United States of America.

Abstaining: Belgium, Canada, France, Germany, Federal Republic of, Ireland, Japan, Lesotho, Portugal.

Operative paragraph 7 of the draft resolution was adopted by 40 votes to 2, with 8 abstentions.

A vote was taken by roll-call on operative paragraph 9 of the draft resolution.

Lesotho, having been drawn by lot by the President, was called upon to vote first.

In favour: Bolivia, Bulgaria, Byelorussian Soviet Socialist Republic, China, Colombia, Cuba, Denmark, Egypt, German Democratic Republic, Ghana, Greece, Guinea, India, Iran (Islamic Republic of), Iraq, Italy, Jamaica, Liberia, Libyan Arab Jamahiriya, Mozambique, Norway, Oman, Pakistan, Panama, Peru, Philippines, Poland, Rwanda, Saudi Arabia, Sierra Leone, Somalia, Sri Lanka, Sudan, Trinidad and Tobago, Union of Soviet Socialist Republics, Uruguay, Venezuela, Yugoslavia, Zaire.

Against: United Kingdom of Great Britain and Northern Ireland, United States of America.

Abstaining: Australia, Belgium, Canada, France, Germany, Federal Republic of, Ireland, Japan, Lesotho, Portugal.

Operative paragraph 9 of the draft resolution was adopted by 39 votes to 2, with 9 abstentions.

A vote was taken by roll-call on the draft resolution as a whole.

The Byelorussian Soviet Socialist Republic, having been drawn by lot by the President, was called upon to vote first.

In favour: Australia, Bolivia, Bulgaria, Byelorussian Soviet Socialist Republic, Canada, China, Colombia, Cuba, Denmark, Egypt, German Democratic Republic, Ghana, Greece, Guinea, India, Iran (Islamic Republic of), Iraq, Italy, Jamaica, Liberia, Libyan Arab Jamahiriya, Mozambique, Norway, Oman, Pakistan, Panama, Peru, Philippines, Poland, Rwanda, Saudi Arabia, Sierra Leone, Somalia, Sri Lanka, Sudan, Trinidad and Tobago, Union of Soviet Socialist Republics, Uruguay, Venezuela, Yugoslavia, Zaire.

Against: United Kingdom of Great Britain and Northern Ireland, United States of America.

Abstaining: Belgium, France, Germany, Federal Republic of, Ireland, Japan, Lesotho, Portugal.

The draft resolution as a whole was adopted by 41 votes to 2, with 7 abstentions (resolution 1988/56).

33. Mr. SLOAN (Canada), speaking in explanation of vote, said that Canada abhorred *apartheid* and supported all efforts aimed at bringing about a peaceful change in the situation in southern Africa. His delegation had had difficulty, however, with the sweeping texts of operative paragraphs 5 and 7 of the draft resolution, as well as with operative paragraph 9, whose wording was ambiguous and unbalanced. His delegation had nevertheless voted in favour of draft resolution I as a whole, and thanked the delegations whose collaboration had made that possible. Canada had been unable to support the text on the subject submitted in the Commission on Transnational Corporations.

34. Mr. PETRONE (Italy) said that although his delegation had voted in favour of the various operative paragraphs and the text of the draft resolution as a whole, it felt that the role of the panel of eminent persons called for in operative paragraph 9 should have been considered more closely.

35. Mr. VIK (Norway), speaking also on behalf of the delegation of Denmark, said that the two delegations had voted in favour of the draft resolution because they accepted the idea of applying economic sanctions against the Government of South Africa and had taken measures to that effect within the framework of the Joint Nordic Programme of Action against South Africa. But they could not fully subscribe to some of the sweeping terms in operative paragraphs 5 and 7, and doubted whether the hearings called for in operative paragraph 9 would repeat the success of those held in New York in 1985. They reiterated their view that the documentation for the agenda item should be consolidated, at the Council's 1989 session, in a single document. The two delegations would continue to advocate the imposition of mandatory economic sanctions by the Security Council.

36. Mr. KAGAMI (Japan) said that, although his Government was second to none in stressing the need to eliminate *apartheid* and extended the utmost co-operation to United Nations efforts to achieve that end, his delegation had abstained in the votes taken because, in its view, the text contained certain political elements which should be dealt with elsewhere.

37. Ms. NCHAPI (Lesotho) said that her delegation's position on *apartheid* was well known. Lesotho felt the

consequences of *apartheid* more cruelly than any other country. At the same time, the question of sanctions was very painful. Lesotho could neither support nor oppose them. When, as a result of the current thrust, sanctions were inflicted on South Africa, the international community would need to cushion Lesotho from the consequences.

38. Mr. BABINGTON (Australia) said that his delegation had been pleased to support the draft resolution as it had supported similar resolutions in previous years. He stressed Australia's long-standing opposition to *apartheid* and its support for the adoption of comprehensive mandatory economic sanctions. His delegation had requested a separate vote on operative paragraph 9, however, on which it had abstained, in order to record its concern about the establishment of a new panel of eminent persons to conduct public hearings in 1989. The case had not yet been made for what would undoubtedly be a costly enterprise that would place a burden on the staff of the United Nations Centre on Transnational Corporations and detract from the performance of their other work. His delegation was also not sure that new hearings would be a cost-effective way of influencing public opinion, coming so soon after the conclusion of the public information initiatives which had flowed from the 1985 hearings. The Commission on Transnational Corporations should review that exercise and assess its impact on public opinion before launching another process of public hearings.

39. The PRESIDENT invited the Council to consider draft resolution II, entitled "Role of the Commission on Transnational Corporations in promoting alternative and new forms of international economic co-operation", contained in paragraph 17 of the report (E/1988/113).

The draft resolution was adopted (resolution 1988/57).

40. The PRESIDENT invited the Committee to consider draft resolution III, entitled "Strengthening the role of the Commission on Transnational Corporations and the activities of the United Nations Centre on Transnational Corporations in support of developing countries", contained in paragraph 17 of the report (E/1988/113). A request had been made for a vote by roll-call.

The vote was taken by roll-call.

Sudan, having been drawn by lot by the President, was called upon to vote first.

In favour: Bolivia, Bulgaria, Byelorussian Soviet Socialist Republic, China, Colombia, Cuba, Egypt, German Democratic Republic, Ghana, Guinea, India, Iran (Islamic Republic of), Iraq, Jamaica, Lesotho, Liberia, Libyan Arab Jamahiriya, Mozambique, Oman, Pakistan, Panama, Peru, Philippines, Poland, Rwanda, Saudi Arabia, Sierra Leone, Somalia, Sri Lanka, Sudan, Trinidad and Tobago, Union of Soviet Socialist Republics, Uruguay, Venezuela, Yugoslavia, Zaire.

Against: Australia, France, Germany, Federal Republic of, United Kingdom of Great Britain and Northern Ireland, United States of America.

Abstaining: Belgium, Canada, Denmark, Greece, Ireland, Italy, Japan, Norway, Portugal.

The draft resolution was adopted by 36 votes to 5 with 9 abstentions (resolution 1988/58).

41. Mr. GLAIEL (Syrian Arab Republic) said that his delegation wished to record its vote in favour of the draft resolution.

42. Mr. SLOAN (Canada) said that the draft resolution had unfortunately not reflected the discussions held in the Commission on Transnational Corporations at its fourteenth session and that the paragraphs on debt and the environment went beyond the mandate of the Centre on Transnational Corporations. His delegation had therefore been obliged to abstain in the vote.

43. Mr. BABINGTON (Australia) said that his delegation had voted against the draft resolution. It doubted whether its implementation by the Commission and the Centre would result in providing developing countries with more of the kind of focused technical assistance which had been the Centre's most useful product. At a time of scarce resources, the Centre, which was already under pressure to fulfil its basic mandate, was being asked to spread itself still more thinly and do work in areas within the competence of other organs of the international system, with the consequent risk of unnecessary duplication of effort. Increased co-ordination of inter-agency activity would be more effective than the measures planned under the resolution. It would be regrettable if its effect was to dilute the quality of the Centre's work in areas that were clearly within its mandate, such as that of providing advice to developing countries so that they could maximize the benefits to themselves of investments made or proposed by transnational corporations.

44. Mr. VIK (Norway) recalled that his country was a member of the Commission on Transnational Corporations and that his delegation to the Commission's fourteenth session had been one of those disturbed by the presentation at the very end of the session of a controversial draft resolution comprising several very difficult elements. The draft resolution had been voted through without any opportunity for real consultations. His delegation had been pleased, therefore, that in the Council the sponsors of the draft resolution had offered to consult on the text. It had responded by submitting written proposals for amendment, as requested. The amendments had related mainly to operative paragraphs 5 and 6, concerning international indebtedness, and had attempted to take into account the concerns motivating those paragraphs while at the same time bringing the work requested within the competence of the Commission and the Centre. A proposed amendment to paragraph 7, relating to transnational corporations and the environment, had been designed to establish a better balance and widen the scope of the further work to be

undertaken. Unfortunately, his delegation's proposals had not been accepted.

45. His delegation was therefore still unable to support the draft resolution. Since there were many elements which it did support, and since it shared the concerns which had motivated some of the most controversial proposals, it had abstained in the vote, as it had in the Commission.

46. It was hard to understand, however, what the sponsors had hoped to achieve by again pushing through a text which not a single industralized market-economy country had been able to support so far, either in the Commission or in the Council. His delegation was also disappointed and concerned at the failure of other delegations which had problems with the text to take the opportunity offered at the Council to consult, with the aim of achieving an acceptable result. If that opportunity had been taken, and delegations with similar problems had proposed specific amendments, a repetition of the unfortunate end result could perhaps have been avoided.

47. Mr. SHELDOV (Byelorussian Soviet Socialist Republic), speaking on behalf of the socialist countries of Eastern Europe, said that the delegations of those countries had supported the draft resolution, on the understanding that it covered the developing countries' concern over and co-operation with transnational corporations, as well as the impact of such corporations on the acceleration of their development process. The resolution reaffirmed the validity of the mandate of the Commission and the Centre as laid down in Council resolutions 1913 (LVII) of 5 December 1974 and 1908 of 2 August 1974, and as reiterated in the Commission's report on its thirteenth session, namely:

> (*a*) to further understanding of the nature and the political, legal, economic and social effects of the activities of transnational corporations in home countries and host countries, and in international relations, particularly between developed and developing countries;
>
> (*b*) to secure effective international arrangements for the operation of transnational corporations designed to promote their contribution to national developmental goals and world economic growth while controlling and eliminating their negative effects;
>
> (*c*) to strengthen the negotiating capacity of host countries, in particular of the developing countries, in their dealings with transnational corporations.[1]

It was those delegations' understanding that, in preparing reports for consideration by the Commission at its fifteenth session, the Secretary-General would be guided by the objectives fixed in the Council resolutions.

48. Mr. KAGAMI (Japan) said that his delegation had abstained in the vote on the draft resolution because it found some elements, in particular paragraphs 5 and 6, unacceptable as far as the mandate of the Centre was concerned. His delegation had also been disappointed at the way in which the original resolution was dealt with at the Commission's fourteenth session. The rules of procedure had not been respected and no consultations had been held. His delegation regretted that a resolution with so unfortunate a background should have been brought again to the Council.

49. Mr. HARRISON (United Kingdom) said that his delegation had voted against the draft resolution. It was doubtful whether many of the elements of the text fell within the Centre's mandate, and it was also concerned that the Centre's scarce resources should be used wisely. He wished, however, to pay a tribute to all the delegations involved in the informal consultations at the current session and regretted that it had not been possible to reach a consensus on the Centre's work programme.

50. Mr. KHIARI (Observer for Tunisia) expressed appreciation of the efforts of the Norwegian delegation to achieve a compromise. He regretted that those efforts had met with reluctance or outright opposition on the part of some other delegations, with the result that the sponsors had been obliged to revert to the original text of the draft resolution. There was no intention to expand the Centre's mandate but merely to strengthen its role. He regretted that it had not been possible to reach a consensus on so moderate a resolution.

51. The PRESIDENT invited the Council to consider draft decision I, entitled "Contribution of the United Nations Centre on Transnational Corporations to the review and appraisal of the United Nations Programme of Action for African Economic Recovery and Development 1986-1990", draft decision II, entitled "Provisional agenda and documentation for the fifteenth session of the Commission on Transnational Corporations" and draft decision III, entitled "Documents considered in connection with the question of transnational corporations", contained in paragraph 18 of the report (E/1988/113).

The draft decisions were adopted (decisions 1988/161, 1988/162 and 1988/163).

52. The PRESIDENT announced that the Council had concluded its consideration of agenda item 8.

AGENDA ITEM 1

Adoption of the agenda and other organizational matters (*continued*)

CHANGE OF DATE FOR THE SEVENTH SESSION OF THE INTERGOVERNMENTAL WORKING GROUP ON INTERNATIONAL STANDARDS OF ACCOUNTING AND REPORTING

53. The PRESIDENT said that the Centre on Transnational Corporations had requested the Council to approve a change of date for the seventh session of the Intergovernmental Working Group on International Standards of Accounting and Reporting to avoid a clash with a meeting of the International Accounting Standards Committee in London. The session was to be held at Headquarters from 7 to 17 March 1989, instead of 27 February to 20 March 1989.

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[1] E/1987/22, para. 33.

54. If he heard no objection, he would take it that the Council approved the new date.

It was so decided (decision 1988/164).

AGENDA ITEM 2

General discussion of international economic and social policy, including regional and sectoral developments (*continued*)

STATEMENT BY THE PRESIDENT OF THE COUNCIL

55. The PRESIDENT said that he had been asked to produce a President's statement at the conclusion of the general discussion under agenda item 2. To be of interest, such a statement should go beyond a summary of the debate and the deliberations and should attempt a more political interpretation of the Council's discussions. He would try, therefore, to highlight a few of the more salient aspects.

56. The priority theme of the general debate had been the multilateral response to the structural imbalances in the world economy, in particular in the light of their effects on the development of developing countries. Thus, the great uncertainties arising from the trade and financial imbalances had been widely emphasized, although several of the assessments had conveyed a sense that progress was being made. Stress had been laid once more on the interrelationship of the areas of money, finance, trade and development, and the relevance of the important ongoing negotiations, such as the Uruguay Round.

57. The first half of 1988 had been highly eventful and the debate had reflected the developments in the world economy in all their diversity. In his view, analyses of the current situation had tended to converge, but important differences had emerged in analyses of trends and prospects. Some, though not all, of the developed countries found the situation relatively satisfactory and getting better, while many developing countries thought it was going from bad to worse.

58. There was particularly deep concern about the situation in Africa where, in the best of circumstances, it would take a long time to restore the standards of living enjoyed by many of those countries in the 1970s. In that context, the agreement of the major Western economic Powers at the Summit Meeting held at Toronto in June 1988 to alleviate the debt of low-income debtors had been greeted as a sign of progress. There was no similar good news about the debt situation of the highly indebted middle-income countries. In his view, however, an understanding of the financial problems of those countries was beginning to be more widespread among creditor countries and the international financial institutions. It seemed to be more widely accepted than in 1987 that, in many cases, debt or debt-service would have to be reduced if the debtors were to break out of the deadlock in which they found themselves. In the meantime, the situation continued to deteriorate, with potentially serious social and political consequences.

59. The concept of the net transfer of resources from developing to developed countries was also becoming more widely recognized. The world community had begun to pay particular attention to that phenomenon in the Council in 1986, on the basis of the analysis in the *World Economic Survey*. Such a situation already adversely affected the investment and growth possibilities of the developing countries and, when it was aggravated by protectionism in developed countries and weak commodity prices, their room for manœuvre was further reduced and development prospects worsened. The *World Development Report, 1988*, of the World Bank also addressed the issue and suggested that unsatisfactory growth would continue in many developing countries well into the 1990s.

60. On multilateralism, it was fair to say that most member States had reasserted their conviction that broad multilateral action was essential in the current world situation. There had been many echoes of the Secretary-General's comment (18th meeting) that global issues required global solutions based on global consultations, although there was also some advice that multilateral diplomacy and operations should be confined to issues where they were truly indispensable. In that context, several delegations had expressed interest in proposals to hold summit or other high-level periodical gatherings to deal with questions of international economic co-operation, as well as the possibility of convening a new special session of the General Assembly devoted to development.

61. The appeal for greater attention to the social and human dimension of policies of austerity and adjustment in developing countries was obviously meeting with a broad response. Structural adjustments in the form of cuts in spending for health, education and other social services clearly raised great concern, and stress had been laid on the primary role of human resources in development. Concern had also been expressed about the risk of replacing the development objective by palliatives.

62. Despite the serious economic setbacks of the 1980s, technological progress was found to have continued at a relatively fast pace. Science and technology were said to offer the promise of faster economic growth in all countries. It seemed to be the view of many delegations that prospects for developing economies would be considerably enhanced if more adequate national and international policies were put in place to facilitate their scientific and technological development and the transfer of technology from developed to developing countries. The link between disarmament and development had also been stressed.

63. One global issue which had clearly gained in recognition was environmental protection. There had been many echoes of the Brundtland Report and its call for sustainable development, as well as expressions of

concern about the dangerous consequences of dumping and the illicit traffic in hazardous products and wastes, the need for global ecological security and the continuing need to develop new and renewable sources of energy.

64. Such subjects took on great significance in the context of the future. The Council had had before it the question of the preparation of a new international development strategy for the 1990s and support had been expressed for a further United Nations development decade. Views about the nature and specific details of that undertaking had differed, but there seemed to be a consensus that if any global forum existed, in which governments could take a joint look at the future of the world economy and see how they could join hands together to construct that future, it was certainly the United Nations.

65. The current session of the Council had taken place in the shadow of the grave financial situation of the United Nations and in the aftermath of the Special Commission's inability to discharge to the full its mandate of improving the ways in which the Council dealt with economic and social problems. The role of the Council itself had been one of the major aspects considered in that context, and many proposals and ideas had been put forward during the deliberations. The Council should certainly look forward to the possibility of making pertinent recommendations in that regard to the forty-third session of the General Assembly. Even if it did not arrive at a broad all-embracing formula for revitalization and reform of the Council, it would have made an important contribution to the more general and challenging task that lay ahead.

The meeting rose at 5.20 p.m.

40th meeting

Thursday, 28 July 1988, at 3.25 p.m.

President: Mr. Andrés AGUILAR (Venezuela)

E/1988/SR.40

AGENDA ITEM 6

Permanent sovereignty over national resources in the occupied Palestinian and other Arab territories (*concluded**)

1. The PRESIDENT invited the Council to consider the draft resolution entitled "Israeli economic practices in the occupied Palestinian and other Arab territories" (E/1988/L.44), which had been submitted at the 37th meeting.

2. Mr. KERKINOS (Greece), speaking on behalf of the EEC and its member States, said that the vote of those delegations on the draft resolution E/1988/L.44 as a whole would reflect their acceptance of its general substance. A separate vote had been called for, however, on operative paragraph 3, and on that part of the draft those States would take a somewhat different attitude in order to convey their continuing apprehensions about the language used.

3. The PRESIDENT invited the Council to take a decision on operative paragraph 3 of the draft resolution, on which a separate, roll-call vote had been requested.

Peru, having been drawn by lot by the President, was called upon to vote first.

In favour: Bolivia, Bulgaria, Byelorussian Soviet Socialist Republic, China, Cuba, Egypt, German Democratic Republic, Ghana, Guinea, India, Iran (Islamic Republic of), Iraq, Jamaica, Lesotho, Liberia, Libyan Arab Jamahiriya, Mozambique, Oman, Pakistan, Panama, Peru, Philippines, Poland, Rwanda, Saudi Arabia, Sierra Leone, Sri Lanka, Sudan, Syrian Arab Republic, Union of Soviet Socialist Republics, Venezuela, Yugoslavia, Zaire.

Against: United States of America.

Abstaining: Australia, Belgium, Canada, Colombia, Denmark, France, Germany, Federal Republic of, Greece, Ireland, Italy, Japan, Norway, Portugal, United Kingdom of Great Britain and Northern Ireland, Uruguay.

Operative paragraph 3 was adopted by 33 votes to 1, with 15 abstentions.

4. Mr. MADAR (Somalia) said that he wished to place on record that his delegation would have voted in favour of operative paragraph 3 had it been present during the voting.

5. The PRESIDENT invited the Council to vote on the draft resolution as a whole. A request had been made for a roll-call vote.

The United Kingdom of Great Britain and Northern Ireland, having been drawn by lot by the President, was called upon to vote first.

In favour: Australia, Belgium, Bolivia, Bulgaria, Byelorussian Soviet Socialist Republic, Canada, China, Colombia, Cuba, Denmark, Egypt, France, German

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* Resumed from the 37th meeting.

Democratic Republic, Germany, Federal Republic of, Ghana, Greece, Guinea, India, Iran (Islamic Republic of), Iraq, Ireland, Italy, Jamaica, Japan, Lesotho, Liberia, Libyan Arab Jamahiriya, Mozambique, Norway, Oman, Pakistan, Panama, Peru, Philippines, Poland, Portugal, Rwanda, Saudi Arabia, Sierra Leone, Somalia, Sri Lanka, Sudan, Syrian Arab Republic, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, Uruguay, Venezuela, Yugoslavia, Zaire.

Against: United States of America.

Abstaining: None.

The draft resolution as a whole was adopted by 49 votes to 1 (resolution 1988/65).

6. Mr. LABERGE (Canada) said that his delegation had abstained in the vote on operative paragraph 3. A separate vote had been called for because of the refusal of the sponsors of the draft resolution to accept any proposals from delegations seeking minor changes in order to clarify the intent of that part of the resolution. He noted that his delegation had voted in favour of the resolution as a whole. He stressed that international co-operation must rest on a foundation of mutual accommodation and a willingness on all sides to participate in the search for consensus.

7. Mr. PIEDRA (United States of America) said that his delegation consistently opposed any initiatives under the item in question, for two main reasons. First, the United States did not in any way recognize the legitimacy of the PLO in the occupied territories. Secondly, it regarded the criticism directed against the State of Israel as unfair. The position of the United States Government was that the question of sovereignty in the territories was still unresolved and that it could only be determined through direct negotiations on the basis of Security Council resolutions 242 (1967) of 22 November 1967 and 338 (1973) of 22 October 1973.

8. Mr. ZIADA (Iraq) said that his delegation had of course voted in favour of the draft resolution. He wished to make it clear that all the concerns that had been raised in connection with the wording of the resolution had been taken into consideration. It was important, however, that the selectivity and bias which seemed to exist in certain parts of the Secretariat should be halted. For example, on the occasion of the adoption of resolution 1988/54 on assistance to the Palestinian people a number of statements had been made. The United Nations press release,[1] however, had quoted only the explanation of vote of the sole delegation voting against the resolution. While his delegation had every wish to be accommodating, at the same time it should be emphasized that the United Nations had recognized the PLO as the sole legitimate representative of the Palestinian people. He asked the President to draw the attention of the relevant department to the unsatisfactory situation regarding press releases, which were an important source of information on the Council's proceedings.

9. Mr. GLAIEL (Syrian Arab Republic), speaking on behalf of the sponsors of the draft resolution, thanked those delegations which had voted in favour of it. The result would be encouraging to the population of the occupied territories currently suffering from the Israeli economic practices in question. He was surprised, however, that the Western countries had been unable to support the request to the Secretary-General, in operative paragraph 3, to use the terminology decided upon in the relevant General Assembly resolutions. The Economic and Social Council was a part of the United Nations and the General Assembly was the Organization's principal forum for the adoption of resolutions. The Secretariat must therefore abide by its terminology in formulating resolutions and drafting reports for the Council. The negative stand of the United States was of course familiar: it was in favour of allowing the Israeli occupation authorities to continue their oppressive activities and their harmful financial and trade practices.

10. Mr. KERKINOS (Greece) said that the positive attitude of the members of the EEC had been amply reflected in their affirmative vote on the resolution as a whole. They had been unable to support operative paragraph 3 because their attempts to secure a clearer and more accurate form of words had not succeeded.

11. The PRESIDENT declared that the Council had completed its consideration of agenda item 6.

AGENDA ITEM 7

Regional co-operation

REPORT OF THE FIRST (ECONOMIC) COMMITTEE

12. Mr. STOBY (Secretary of the Council) noted that the phrase "was deleted" should be added at the end of paragraph 10 (*b*) of the report (E/1988/117).

13. The PRESIDENT invited the Council to consider draft resolution I, entitled "Khartoum Declaration on a Human-focused Approach to Socio-Economic Recovery and Development in Africa", contained in paragraph 27 of the report (E/1988/117).

The draft resolution was adopted (resolution 1988/66).

14. Mr. BABINGTON (Australia) said that his delegation had joined the consensus in support of draft resolution I. While it welcomed the general thrust of the Declaration of Khartoum, it nevertheless felt that stress could also have been laid on the long-term benefits of implementing adjustment policies that were central to recovery and development. The United Nations Programme of Action for African Economic Recovery and Development 1986-1990 had given due emphasis to that important aspect of recovery programmes in Africa. Better account could also have been taken of the work that had been under way for some time in the financial

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[1] ECOSOC/1306 of 26 July 1988.

institutions, specialized agencies and non-governmental organizations, which, in co-operation with Governments, were continuing to develop, or had already implemented adjustment programmes in Africa with a "human face". Australia supported and encouraged those ongoing efforts.

15. The PRESIDENT invited the Council to consider draft resolution II, entitled "Transport and Communications Decade in Africa", and draft resolution III, entitled "International trade and co-operation in the field of coal", contained in paragraph 27 of the report (E/1988/117).

The draft resolutions were adopted (resolutions 1988/67 and 1988/68).

16. The PRESIDENT invited the Council to consider draft decision I, entitled "Transport Centres for the Mediterranean region", contained in paragraph 28 of the report (E/1988/117).

17. Mr. STOBY (Secretary of the Council) read out the following statement of the views of the Secretary-General on the draft decision:

> It is not clear what is intended to be meant by "grant of United Nations status" since such status is reserved for a body which is part of the Organization and which shares the legal attributes of the United Nations, including its privileges and immunities. The Transport Centres established in Greece, Spain and Turkey, although they co-operate closely with the EEC, are operated as national entities and are staffed by the Governments of the respective countries. They are thus not at present part of the United Nations and cannot be designated United Nations Centres. Such a designation is likely to mislead third parties into the belief that the Centres are United Nations operations and that they would be dealing with the staff of the United Nations.
>
> If the Council wishes to designate them as United Nations Centres, their present status will have to be changed by agreements between the respective Governments and the United Nations, which will have to provide, at a minimum, for United Nations control and United Nations staffing. If the Council does not wish to do this, then it may wish to consider alternative approaches, such as designating them as the "Greek (Turkish, Spanish) Transport Centre for the United Nations", or the "Greek (Turkish, Spanish) Transport Centre acting in co-operation with the United Nations".

The draft decision was adopted (decision 1988/169).

18. Mr. ESPAÑA-SMITH (Bolivia) welcomed the adoption of the draft decision, which would strengthen the Mediterranean Centres. Their experience would be very useful to other regions as well, and he hoped that they would establish fruitful contact with the regional economic commissions, especially ECLAC. The transport sector was so important in trade and development that it had rightly been given separate status in the Council's basic work programme within the general framework of regional co-operation. Transport problems were, however, especially acute for landlocked developing countries, and, while his delegation welcomed any measure to improve guarantees for free transit, it must point out that such measures offered no alternative solution to countries such as Bolivia. Its problem would not be solved until, with the support of the international community, it had recovered direct and sovereign access to the Pacific.

19. The PRESIDENT invited the Council to consider draft decision II, entitled "Amendment of the terms of reference of the Economic and Social Commission for Asia and the Pacific: admission of the Territory of American Samoa as an associate member of the Commission", and draft decision III, entitled "Venue of the twenty-third session of the Economic Commission for Latin America and the Caribbean", contained in paragraph 28 of the report (E/1988/117).

The draft decisions were adopted (decisions 1988/170 and 1988/171).

20. The PRESIDENT invited the Council to consider draft decision IV, entitled "Membership of Israel in the Economic Commission for Europe", contained in paragraph 28 of the report (E/1988/117).

21. Mr. ELIAV (Observer for Israel) reaffirmed Israel's right under the Charter of the United Nations as a member State to full and equal membership in a United Nations regional commission. Its geographical situation entitled Israel to membership of ESCWA, but, for reasons that were well known, Israel had, in 1986, requested temporary admission to the ECE, in whose practical work it had been participating for a number of years. Israel was not only geographically close to Europe but had many historical links with it. It had, moreover, close economic links with many of the ECE's member States, and had been included in almost all European regional groupings within the specialized agencies and other international organizations, including those concerned with culture, science and sport. It was, therefore, highly incongruous and unjustified that the United Nations itself should remain the only organization denying Israel the full and formal participation in regional activities demanded by the principle of universality.

22. Nevertheless, in order to leave yet more time for reflection, his delegation had decided not to press the matter at the Council's current session in the hope that action would be taken on its admission to the ECE in a year's time. Three years would then have passed since the Council had adopted resolution 1986/67 of 23 July 1986, which not only referred to the right of all States Members of the United Nations to be admitted to a regional commission as full members, but also recognized that the question of admitting Israel to a regional commission as a full member should be resolved at the earliest possible time.

The draft decision was adopted (decision 1988/172).

23. Mr. PIEDRA (United States of America) regretted that the Council had not been in a position to take positive action on the question. His delegation continued to give full support to Israel's right, as a matter of principle, to participate in a regional economic commission. The United Nations was founded on the principle of universality, and Israel was the only Member State to be denied that right. On the basis of geography, Israel should be granted membership of ESCWA, but he recognized that, for practical and political reasons, that objective might not be currently attainable. His delegation had, therefore, supported Israel's application for membership of the ECE. It hoped that the

Council would be in a position to pronounce itself positively in 1989.

24. Mr. ZIADA (Iraq) expressed surprise at the statement by the representative of the United States. It had been his belief that the proposal to defer consideration of Israel's application had been an initiative of the United States delegation. As to membership of ESCWA, he would merely point out that Palestine was a member of that regional commission.

25. The PRESIDENT invited the Council to consider draft decision V, entitled "Reports considered in connection with the question of regional co-operation", contained in paragraph 28 of the report (E/1988/117).

The draft decision was adopted (decision 1988/173).

26. The PRESIDENT declared that the Council had completed its consideration of agenda item 7.

AGENDA ITEM 11

International co-operation on the environment

Report of the First (Economic) Committee

27. The PRESIDENT invited the Council to consider draft resolution I, entitled "International co-operation on the environment", contained in paragraph 22 of the report (E/1988/118).

28. Mr. SUJKA (Poland) said that there was growing recognition of the importance of environmentally sound economic policies and improved co-ordination within the United Nations system to enhance international ecological security. At its recent meeting in Warsaw, the Political Consultative Committee of the States parties to the Warsaw Treaty on Friendship, Co-operation and Mutual Assistance had adopted a document on the implications of the arms race for the environment and other aspects of ecological security and had emphasized the urgent need for concerted international efforts to that end. While expressing appreciation of United Nations activities in the field, particularly those of UNEP and the World Commission on Environment and Development, the meeting had expressed the view that joint action should be taken to work out and adopt norms of conduct binding upon States and to establish guidelines for international co-operation in ecology. They believed that an appropriate international legal instrument might well be adopted in 1992 on the occasion of the twentieth anniversary of the Stockholm Conference, and they were prepared to join immediately in work on a draft. The Warsaw Treaty States favoured the convening of an all-European conference of Ministers of the Environment to work out a programme for such action. In line with that approach, they would support the draft resolution.

The draft resolution was adopted (resolution 1988/69).

29. The PRESIDENT invited the Council to consider draft resolution II, entitled "Traffic in toxic and dangerous products and wastes", draft resolution III, entitled "Global convention on the control of transboundary movements of hazardous wastes", and draft resolution IV, entitled "International co-operation on the environment: the Environment Fund", contained in paragraph 22 of the report (E/1988/118).

The draft resolutions were adopted (resolutions 1988/70, 1988/71 and 1988/72).

30. The PRESIDENT invited the Council to consider draft decision I, entitled "International co-operation on the environment" and draft decision II, entitled "Progress report of the Secretary-General on the implementation of General Assembly resolution 42/187", contained in paragraph 23 of the report (E/1988/118).

The draft decisions were adopted (decisions 1988/174 and 1988/175).

31. The PRESIDENT declared that the Council had completed its consideration of agenda item 11.

AGENDA ITEM 20

Elections

32. The PRESIDENT referred to Council decision 1988/150 of 26 and 27 May 1988 and drew attention to the "Annotated provisional agenda" (E/1988/100, para. 109) and to the note by the Secretary-General entitled "Election to fill a vacancy in the Committee on Economic, Social and Cultural Rights" (E/1988/103).

33. He invited the Council to proceed to the elections which it had agreed to hold at the current session.

Commission on Human Settlements

Denmark was elected by acclamation to the Commission on Human Settlements for a term beginning on the date of election and expiring on 31 December 1991.

Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting

Switzerland was elected by acclamation to the Intergovernmental Working Group on International Standards of Accounting and Reporting for a term beginning on the date of election and expiring on 31 December 1990.

Committee on Economic, Social and Cultural Rights

34. The PRESIDENT recalled that Mr. Adib Daoudy (Syrian Arab Republic) had submitted his resignation from the Committee on Economic, Social and Cultural Rights. The Government of the Syrian Arab Republic had subsequently nominated Mr. Sami Glaiel for election to membership of the Committee for the remainder of Mr. Daoudy's term.

Mr. Sami Glaiel was elected by acclamation to the Committee on Economic, Social and Cultural Rights for a term beginning on the date of election and expiring on 31 December 1990.

GOVERNING COUNCIL OF THE UNITED NATIONS DEVELOPMENT PROGRAMME

Mozambique was elected by acclamation to the UNDP Governing Council for a three-year term beginning on the first day of the organizational meeting of the Governing Council in February 1989.

COMMITTEE FOR THE UNITED NATIONS POPULATION AWARD

Mauritius and Togo were elected by acclamation to the two vacancies for African States for a three-year term.

India was elected by acclamation for the vacancy for Asian States for a three-year term.

35. The PRESIDENT said that, in the absence of further candidatures, he would take it that the Council wished to postpone until a future session elections for the remaining vacancies listed in document E/1988/100.

It was so decided.

36. The PRESIDENT declared that the Council had completed its consideration of agenda item 20.

The meeting rose at 4.30 p.m.

41st meeting

Friday, 29 July 1988, at 5.20 p.m.

President: Mr. Andrés AGUILAR (Venezuela)

E/1988/SR.41

AGENDA ITEM 9

Food and agriculture

REPORT OF THE FIRST (ECONOMIC) COMMITTEE

1. The PRESIDENT invited the Council to consider the draft resolution entitled "Third replenishment of the International Fund for Agricultural Development", contained in paragraph 11 of the report (E/1988/112).

2. Mr. JØNCK (Denmark), Chairman of the First (Economic) Committee, said that, following consultations on the draft resolution, it had been agreed to recommend minor amendments to operative paragraph 2, which would consequently read:

> "2. *Appeals* to all member States to ensure that positive action be taken to reach an early agreement on the third replenishment as soon as possible."

3. Mr. KERKINOS (Greece) said that in his opinion amendments should not be proposed at a plenary meeting when a consensus had already been reached.

4. The PRESIDENT said that, if there was no objection, he would take it that the Council wished to adopt the draft resolution as orally amended.

The draft resolution, as orally amended, was adopted (resolution 1988/73).

5. Mr. BABINGTON (Australia) said that his delegation wished to place on record that it had not participated in the consensus.

6. Mr. HARUN-UR-RASHID (Observer for Bangladesh) said that his delegation wished to place on record that it considered that operative paragraph 2, as amended, and operative paragraph 3 did not tally with each other.

7. The PRESIDENT invited the Council to consider the draft decision entitled "Reports considered by the Economic and Social Council in connection with the question of food and agriculture", contained in paragraph 12 of the report (E/1988/112).

The draft decision was adopted (decision 1988/177).

8. The PRESIDENT declared that the Council had thus concluded its consideration of agenda item 9.

AGENDA ITEM 2

General discussion of international economic and social policy, including regional and sectoral developments (*concluded**)

9. The PRESIDENT invited the Council to consider the amended text of the draft resolution entitled "National entrepreneurship in economic development" (E/1988/L.40/Rev.2), which had been submitted at the 34th meeting.

10. Mr. SCOTT (United States of America) said that, following informal consultations, the sponsors wished to make two further changes to the text of draft resolution E/1988/L.40/Rev.2. First, the words "in order to enhance capital formation in developing countries" should be added at the end of operative paragraph 2 (*b*). Secondly, the last line of operative paragraph 3 should be amended to read: "competitiveness of developing countries' enterprises, including the need for broader market opportunities". He trusted that subject to those further changes, the draft resolution could be adopted by consensus.

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* Resumed from the 39th meeting.

11. The PRESIDENT said that, if there was no objection, he would take it that the Council wished to adopt draft resolution E/1988/L.40/Rev.2, as orally revised.

The draft resolution, as orally revised, was adopted (resolution 1988/74).

12. The PRESIDENT invited the Council to consider draft decision E/1988/L.42, entitled "Reactivation of economic growth and development in developing countries", which had been submitted at the 37th meeting.

13. Mr. STOBY (Secretary of the Council) said it had been agreed during informal consultations that paragraph (*b*) (ii) should be deleted from draft decision E/1988/L.42, which would therefore be referred in its amended form to the General Assembly for consideration and appropriate action.

14. The PRESIDENT said that, if there was no objection, he would take it that the Council wished to refer draft decision E/1988/L.42, as orally amended, to the General Assembly at its forty-third session for consideration and appropriate action.

It was so decided (decision 1988/178).

15. Mr. GHEZAL (Observer for Tunisia), speaking on behalf of the Group of 77, said he deeply regretted the fact that it had not been possible for the Council to take more positive action on the issue at its current session, and hoped that the time remaining before the forty-third session of the General Assembly would provide an opportunity for all member States to reconsider their positions and reach agreement. It was important to realize that the proposed special session devoted to ways and means of achieving sustained growth in the world economy would be in the interest not only of the developing countries, but of the international community as a whole.

16. The PRESIDENT invited the Council to consider the draft resolution entitled "Early identification of world economic developments" (E/1988/L.50), submitted by the Vice-President of the Council, Mr. S. B. M. Al-Khussaiby (Oman), on the basis of informal consultations on draft resolution E/1988/L.38/Rev.1, which had been submitted at the 33rd meeting.

17. If there was no objection, he would take it that the Council wished to adopt draft resolution E/1988/L.50.

It was so decided (resolution 1988/75).

18. The PRESIDENT said that, in the light of the adoption of draft resolution E/1988/L.50, he would take it that draft resolution E/1988/L.38/Rev.1 was withdrawn by its sponsors.

It was so decided.

19. The PRESIDENT invited the Council to consider the draft decision entitled "Report of the Secretary-General on an overall socio-economic perspective of the world economy to the year 2000" (E/1988/L.51), submitted by the Vice-President of the Council, Mr. S. B. M. Al-Khussaiby (Oman), on the basis of informal consultations on draft resolution E/1988/L.35, which had been submitted at the 33rd meeting.

20. If there was no objection, he would take it that the Council wished to adopt draft decision E/1988/L.51.

It was so decided (decision 1988/179).

21. The PRESIDENT said that, in the light of the adoption of draft decision E/1988/L.51, he would take it that draft resolution E/1988/L.35 was withdrawn by its sponsor.

It was so decided.

22. The PRESIDENT invited the Council to consider draft decision E/1988/L.52, submitted on the basis of informal consultations by the Vice-President of the Council, Mr. S. B. M. Al-Khussaiby (Oman), whereby the Council would defer until its second regular session of 1989 consideration of and action on the draft resolution entitled "Confidence-building in international economic relations" (E/1988/L.34), submitted at the 33rd meeting, and inform the General Assembly of the results of the Council's consideration of that issue.

23. If there was no objection, he would take it that the Council wished to adopt draft decision E/1988/L.52.

It was so decided (decision 1988/180).

24. Mr. SUJKA (Poland) said it was to be regretted that, despite strenuous efforts, no consensus had been reached on draft resolution E/1988/L.34, submitted by his delegation. The issue of confidence-building in international economic relations was not, by its nature, divisive and he remained convinced that the United Nations should address itself anew to that question. In a period when economic growth was weak and confidence in the future was fragile, the risks arising from the adjustment process among the developed market-economy countries was heightened, and he therefore reiterated the opinion that the purpose of those adjustments was both to promote non-inflationary growth and to strengthen global economic confidence. In view of the increasing interdependence of the world economy, it was imperative to achieve better co-ordination of national economic policies so as to reduce instability and enhance confidence as a unifying factor in relations between States. As pointed out by several delegations during the current session, it was still difficult to see any signs of confidence within indebted countries in the improvement of their economic situation, in spite of their adjustment policies or an increased capacity for debt repayment. Furthermore, the widely expressed concern regarding the severe strains imposed on the international trading system as a result of the persistence of protectionism called for measures to consolidate internationally recognized trade principles and equitable international exchange.

25. Several important changes in East-West relations offered opportunities to reduce mistrust and build confidence, in particular through a collective quest for mutually acceptable ways of resolving international economic problems. Most significantly, greater confidence bridging the gap between promise and performance was indispensable for reviving development and strengthening international economic security.

Lastly, confidence in the success of a new International Development Strategy could be instilled, for example, by using the results of United Nations research on long-term trends in economic and social development, as well as appropriate economic indicators to monitor and make necessary adjustments in the process of strategy implementation.

26. The PRESIDENT said that, before concluding consideration of agenda item 2, he wished to propose the following draft decision in connection with documents the Council had before it under that item:

> "The Economic and Social Council takes note of the following documents:
>
> "(*a*) Report of the Committee for Development Planning on its twenty-fourth session (E/1988/16);
>
> "(*b*) *World Economic Survey: current trends and policies in the world economy* (E/1988/50);
>
> "(*c*) Summary of the economic survey of Europe, 1987-1988 (E/1988/52);
>
> "(*d*) Summary of the economic and social survey of Asia and the Pacific, 1987 (E/1988/57);
>
> "(*e*) Summary of the survey of economic and social developments in the region of the Economic and Social Commission for Western Asia, 1987 (E/1988/59);
>
> "(*f*) Summary of the survey of economic and social conditions in Africa, 1986-1987 (E/1988/60);
>
> "(*g*) Summary of the economic survey of Latin America and the Caribbean 1987 (E/1988/61);
>
> "(*h*) Report of the Secretary-General summarizing the main research findings of the United Nations system on major global economic and social trends, policies and emerging issues (E/1988/65)."

27. If there was no objection, he would take it that the Council wished to adopt the draft decision.

It was so decided (decision 1988/181).

28. The PRESIDENT declared that the Council had thus concluded its consideration of agenda item 2.

AGENDA ITEM 5

International development strategy for the fourth United Nations development decade (*concluded***)

29. The PRESIDENT invited the Council to consider the draft resolution entitled "International Development Strategy for the Fourth United Nations Development Decade" (E/1988/L.53), submitted by the Vice-President of the Council, Mr. S. B. M. Al-Khussaiby (Oman), on the basis of informal consultations held on draft resolution E/1988/L.47 which had been submitted at the 38th meeting.

30. If there was no objection, he would take it that the Council wished to adopt draft resolution E/1988/L.53.

It was so decided (resolution 1988/76).

31. Mr. GHEZAL (Observer for Tunisia), speaking on behalf of the Group of 77, welcomed the fact that the Council had adopted draft resolution E/1988/L.53 by consensus, thus indicating the importance it attached to the preparation of a new International Development Strategy, which would be in the interests not only of the developing countries but of the entire world community. Every effort should be made to ensure the successful implementation of the new Strategy, and thereby make up for the opportunities lost during the Third United Nations Development Decade.

32. Mr. TANIGUCHI (Japan) said that his delegation had been pleased to join the consensus on draft resolution E/1988/L.53 and wished to emphasize the important role which the Economic and Social Council had to play in ensuring that the new International Development Strategy for the last decade of the twentieth century was more effective than previous ones. Furthermore, he shared the view that a new approach and more serious preparations were needed, both by Governments and by the United Nations. For that reason, he would have preferred a more strongly worded resolution by the Council on the matter. In particular, CDP should be urged to intensify its activities related to the preparation of the new Strategy with a view to providing concrete inputs.

33. The PRESIDENT said that, in the light of the adoption of draft resolution E/1988/L.53, he would take it that draft resolution E/1988/L.47 was withdrawn by its sponsors.

It was so decided.

34. The PRESIDENT declared that the Council had thus concluded its consideration of agenda item 5.

AGENDA ITEM 3

In-depth study of the United Nations intergovernmental structure and functions in the economic and social fields: (*a*) report of the Special Commission of the Economic and Social Council on the In-depth Study of the United Nations Intergovernmental Structure and Functions in the Economic and Social Fields; (*b*) the Economic and Social Council (*concluded****)

35. The PRESIDENT said that, under agenda item 3 (*a*), the Council had before it the draft decision entitled "Report of the Special Commission of the Economic and Social Council on the In-depth Study of the United Nations Intergovernmental Structure and Functions in the Economic and Social Fields" (E/1988/L.46), submitted at the 37th meeting. Under agenda item 3 (*b*), the Council had before it the amended text of the draft resolution entitled "Revitalization of the Economic and Social Council" (E/1988/L.45/Rev.1), submitted at the 37th meeting. Under both subitems, it had before it the draft resolution entitled "Reform of the intergovernmental structure and functions in the economic and

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** Resumed from the 38th meeting.

*** Resumed from the 39th meeting.

social fields, including the functioning of the Economic and Social Council" (E/1988/L.49), submitted at the 39th meeting.

36. He invited the Vice-President, Mr. O. N. Pashkevich (Byelorussian SSR), to inform the Council of the results of the informal consultations held on those texts.

37. Mr. PASHKEVICH (Byelorussian Soviet Socialist Republic), speaking in his capacity as Vice-President of the Council, said that the two draft resolutions submitted under agenda item 3 (*b*), (E/1988/L.45 and E/1988/L.49) had been discussed in the course of lengthy and rather difficult informal consultations with a view to formulating a single text acceptable to all sides. To that end, a number of amendments and additions had been made by the co-sponsors to draft E/1988/L.45, thus bringing closer the desired consensus. However, owing to lack of time, it had not been possible to reach agreement on further proposed amendments to the revised text (E/1988/L.45/Rev.1). In that regard, more information could be provided by the Observer for Tunisia. He also understood that several editorial changes would be made by the Secretariat to the revised draft resolution E/1988/L.45/Rev.1.

38. Mr. STOBY (Secretary of the Council) read out corrections to the text of the revised draft resolution E/1988/L.45/Rev.1. First, in operative paragraph 2 of the text, the words "possibly as one of the themes identified in subparagraph (*a*) (ii) above" should be added at the end of subparagraph (*a*) (iii). Secondly, subparagraph (*d*) (i) should be amended to read: "The Council, within its co-ordination functions, shall define, as and when necessary, overall priorities and specific activities for the organizations of the United Nations system, within their respective mandates, so that the operational activities for development of the United Nations system are carried out in a coherent and effective manner". Thirdly, the words "through consultation with and recommendations to such agencies" should be inserted after the word "agencies" in subparagraph (*e*) (iii). Fourthly, in subparagraph (*f*) the word "closely" should be inserted before the word "related" in the second line. Finally, in the last line of operative paragraph 3, the words "at United Nations Headquarters" should be replaced by the words "at the United Nations".

39. Mr. GHEZAL (Observer for Tunisia), speaking on behalf of the Group of 77, said that the revised draft resolution E/1988/L.45/Rev.1 had been prepared on the basis of extensive and detailed informal consultations and thus required no further introduction. It was a compromise text which reflected the fundamental concerns of all sides. The Group of 77 had agreed to a number of necessary concessions with a view to achieving the common goal of revitalizing the Economic and Social Council. He therefore hoped that, in a spirit of positive co-operation, the revised draft, as orally corrected by the Secretary, could be adopted without a vote or any further modification.

40. Mr. JØNCK (Denmark) said he was not convinced that draft resolution E/1988/L.45/Rev.1 was entirely clear in its objectives and, in that regard, he was surprised that his delegation's proposed amendments had not been taken into account. In particular, he suggested that the Council might decide to undertake discussions of a few major policy themes and request the Secretariat to prepare thematic, rather than consolidated, reports on issues considered by the Council under consolidated agenda items. Every effort should be made to ensure that there was no increase in the workload of the Secretariat. Also, his delegation wished to be certain that the various activities proposed could be carried out within existing resources.

41. Mr. RWAMBUYA (Programme Planning and Budgeting Division) said that several delegations had sought clarification as to the financial implications of draft resolutions E/1988/L.45/Rev.1 and E/1988/L.49. In fact, a small secretariat funded from extrabudgetary resources had been set up to assist the Special Commission which had been working on behalf of the Council. That secretariat, with assistance from the specialized agencies in their particular areas of interest, would be able to undertake some of the activities called for in the draft resolutions at least until the end of 1988. Therefore, no additional regular budget funds would be required at the present stage should the Council decide to adopt either draft resolution.

42. Mr. SHABAN (Egypt) proposed, under rule 49 of the rules of procedure, that the meeting should be suspended briefly to allow delegations time for further informal consultations.

43. The PRESIDENT said that, in the absence of any objection, he would suspend the meeting for 10 minutes.

The meeting was suspended at 6.35 p.m. and resumed at 6.45 p.m.

44. Mr. JØNCK (Denmark) said that, during the informal consultations just held, he had been persuaded that the text of draft resolution E/1988/L.45/Rev.1 was consistent with the idea of strengthening the Economic and Social Council by rationalizing its procedures and making it more effective within the resources available. In view of the fact that all delegations were working towards the same objective, he felt that the amendments which he had proposed earlier might not be necessary.

45. Mr. GHEZAL (Observer for Tunisia) proposed that draft resolution E/1988/L.45/Rev.1, as orally amended by the Secretary, should be adopted without a vote and with no further amendment.

46. The PRESIDENT said that, if there was no objection, he would take it that the Council wished to adopt draft resolution E/1988/L.45/Rev.1, as orally amended by the Secretary.

The draft resolution, as orally amended, was adopted (resolution 1988/77).

47. Mr. PAULSEN (Norway) said that although his delegation had joined the consensus relating to draft

resolution E/1988/L.45/Rev.1, it wished to state that it did not interpret operative paragraph 2 (*a*) (i) as a reconfirmation of the need to hold an annual general discussion in the Council, since that duplicated similar discussions in the Trade and Development Board and the General Assembly. Where paragraph 2 (*g*) was concerned, his delegation interpreted it as a proposal for rearrangements within the Secretariat through the consolidation of existing units and, if necessary, the redeployment of staff. Further, it was convinced that paragraph 2 (*h*) could only be implemented through such redeployment. His delegation looked forward to receiving the report called for in paragraph 3 on the comparative costs of Council sessions. It was unfortunate that such a report could only deal with the question of the financial costs and that the reduction in efficiency resulting from the convening of United Nations meetings in both Geneva and New York could not be addressed.

48. Mr. WANG Baoliu (China) said that, in accordance with the stand taken by the Chinese Government on enhancing the role of the United Nations by rationalizing and streamlining its structures and increasing their effectiveness, the Chinese delegation had pleasure in joining the consensus on draft resolution E/1988/L.45/Rev.1, which represented a welcome step forward towards the goal of strengthening the United Nations system in the economic and social fields.

49. His delegation supported the reform of the documentation and reporting system of the Council and hoped that that reform would lead to a reduction of documents, an improvement in their quality and their timely distribution. It supported the strengthening of overall policy guidance by the Council for operational activities for development in the hope that it would help the governing bodies of subsidiary organs to exercise their mandated functions more effectively. It supported the strengthening of the co-ordinating role of the Council in activities and programmes within the United Nations system as a whole, which it hoped would facilitate the full functioning of the system's existing machinery of co-ordination.

50. Mr. CAHILL (United States of America) said that the language used in paragraph 2 (*d*) (i) of draft resolution E/1988/L.45/Rev.1 should not be interpreted in such a way as to interfere with the full exercise of their programme responsibilities by the governing bodies of the specialized agencies.

51. With reference to paragraph 2 (*g*), his delegation firmly opposed any action which would counteract decisions already taken by the Secretary-General concerning the restructuring of the Secretariat. The Secretary-General had not asked for a separate and identifiable secretariat for the Council, and the United States delegation believed that that would be reflected in any proposals he submitted.

52. The United States delegation had not broken the consensus because it shared the deep commitment of all delegations to maintaining the reform process.

53. Mr. TANIGUCHI (Japan) said that draft resolution E/1988/L.45/Rev.1 was the sort of substantive resolution for the revitalization of the Council which required to be adopted by consensus. His delegation's request for the inclusion of its amendments, particularly with regard to strengthening the role of the Third (Programme and Co-ordination) Committee, had to some extent been reflected in the text. That text, did, however, have a number of defects which would need to be dealt with in future negotiations.

54. For the purpose of revitalizing the Council, more clear-cut language might possibly have been required. The new amendments were somewhat confusing as, for example, in the question of the thematic or sectoral approach. His delegation had questioned the idea of "a separate and identifiable secretariat support structure for the Council" (paragraph 2 (*g*) and wondered how large such a secretariat might be. In the interests of co-ordinating the activities of the United Nations system, a strong office of the Director-General for Development and International Economic Co-operation was indeed required. In the current circumstances of financial stringency maximum use should be made of existing resources to implement the requests made in paragraphs 2 (*g*) and (*h*). His delegation wondered how the role of the Third (Programme and Co-ordination) Committee of the Council could be strengthened to deal with the new demands made in the draft resolution. If that Committee continued to cover the three items mentioned in paragraph 2 (*j*) (i)-(iii) it was perhaps doubtful that it would really be able to deal with the co-ordination of United Nations regional activities.

55. Mr. SCHUMANN (German Democratic Republic), speaking on behalf of the socialist countries of Eastern Europe, said that those countries had joined the consensus and had participated constructively in the official and informal discussions on draft resolution E/1988/L.45/Rev.1 as orally amended. While overall the resolution corresponded to the necessities and possibilities of revitalizing the Council, it was a compromise text, and other formulations could have been imagined for bringing the Council's role in co-ordinating, reviewing and monitoring United Nations activities in the economic and social fields into harmony with the realities of interdependence of countries and issues in the world economy and for making those activities more responsive to the practical interests of member States. The resolution was a valuable instrument for rationalizing the Council's work and making it more effective under the prevailing conditions.

56. With reference to operative paragraph 3, on the prospective report by the Secretary-General to the Council at its second regular session of 1989 on the feasibility and comparative costs of holding one consolidated regular session or two regular sessions of the Council at Headquarters, his delegation considered that the report should also take into account relevant General Assembly resolutions restricting the convening at Headquarters of sessions of any United Nations bodies other than the Security Council during the

regular sessions of the General Assembly, relevant General Assembly resolutions concerning a more balanced distribution of sessions of United Nations bodies as between New York, Geneva and Vienna, and the position of the United Nations Committee on Conferences on that issue.

57. Referring to possible adjustments to secretariat support structures and machinery in the economic and social fields, he said that they should be adapted to the needs of the Council and the Second and Third Committees of the General Assembly, but that the determining role and functions of the intergovernmental structures and tasks of the United Nations and its related organs in the economic and social fields must be duly maintained.

58. Well-established practices which had proved useful should be retained. Part of that experience was the continuation of the Economic and Social Council's general discussion of international economic and social policy including regional and sectoral developments, as laid down in the resolution just adopted.

59. It was the view of the delegations he represented that the revitalization of the Council and its possible reform and restructuring were not meant to be an end in themselves. The ultimate goal was, rather, to enhance the Council's contribution to the social and economic progress of peoples and thus to guarantee the effective fulfilment of its mandate as laid down in the Charter of the United Nations.

60. Mr. KERKINOS (Greece), speaking on behalf of the EEC and its member States, said that the mere fact that proposals had been raised during consideration of draft resolution E/1988/L.45/Rev.1 was proof of a constructive approach to the arduous undertaking of reform. The Council had not yet reached the end of the road but had taken a positive step along it and the work done should be continued in order to reach the goal pursued.

61. Mr. ROBERTSON (Australia) said that his delegation had joined the consensus on draft resolution E/1988/L.45/Rev.1 in the light of the statement by the Secretariat that it would have no implications for the programme budget. He wished to thank the Group of 77 for its efforts to integrate the views of all delegations; such an approach boded well for further discussions on a package of wide-ranging reforms in the economic and social sectors at the forty-third session of the General Assembly.

62. His delegation regretted that not all its concerns had been fully covered; in particular it would have welcomed further discussion on whether it was necessary to restructure the Secretariat, on the elimination of, or considerable reduction in, the duration of the Council's general debate or its considerably greater focus, and on a still greater reduction in the length of the Council's organizational session. His delegation shared the concerns of preceding speakers.

63. Mr. SHABAN (Egypt) said that the reform of the Economic and Social Council was only a first step towards the reform of the economic and social sectors of the United Nations at large. His delegation had accepted the idea of having themes considered by the Council with a view to rationalizing its agenda, but had simultaneously encountered opposition to the consolidation of related items under a single agenda item. That seemed to be a double standard.

64. Draft resolution E/1988/L.45/Rev.1 set out a comprehensive process of revitalization and did not only focus on logistics. The Council had played a positive role in leading the way towards a reform of the United Nations in the economic and social sectors; it should provide an incentive to all member States to pursue that reform during the General Assembly.

65. Mr. DE CLERCK (Belgium) said that his delegation had been somewhat reluctant to join the consensus on draft resolution E/1988/L.45/Rev.1, for three reasons. First, that document concerned only the functioning of the Council in isolation whereas the Council was only one part of a vast and complex intergovernmental mechanism in the economic and social field. The resolution did not take sufficient account of the problem of the relationship between the Council and the General Assembly and between the Council and its principal subsidiary organs, thus leaving the way open for some duplication.

66. Secondly, the resolution, while containing many provisions of which his delegation approved, did not take sufficient account of proposals made by his delegation with a view to improving and simplifying the Council's working methods; the resolution modified those methods but did not simplify them sufficiently.

67. Thirdly, the resolution had been drafted, negotiated and amended at the current session of the Council, in other words the economic session. The procedures of the social session were different, and insufficient account had been taken of that fact. The implementation of some provisions of the resolution at the social session of the Council was likely to cause difficulties.

68. His delegation viewed the draft resolution as being only one stage in the reform process. If it did not produce satisfactory results, the Council must have the courage to supplement or even amend it so that it would avoid the fate of so many previous resolutions on the strengthening of the Council, which had fallen into oblivion.

69. Mr. LEMERLE (France) said that his delegation had joined the consensus on draft resolution E/1988/L.45/Rev.1 because it believed in the principle of a patient search for areas of mutual understanding which could be used as a base for further progress, even though none of the parties was completely satisfied. It regretted, however, that because of the circumstances in which the resolution had been drafted, it contained a number of weak or obscure points; his delegation fully supported the opinions of the previous speaker in that regard.

70. With reference to the study envisaged in operative paragraph 3, the French authorities would take its results into account in formulating their own position on the subject.

71. Mr. SCHNELLE (Federal Republic of Germany) said that his delegation had serious doubts as to whether draft resolution E/1988/L.45/Rev.1 would have the desired effect of making the Economic and Social Council more efficient. It shared the concern of the delegation of Belgium, particularly regarding the work of the Council in the social field. It considered that the resolution addressed only some aspects of the reform envisaged by the Group of High-level Intergovernmental Experts in recommendation 8 of its report and General Assembly resolution 41/213. His delegation was prepared to work for the further streamlining and rationalization of the Council and the United Nations on the basis, *inter alia*, of the findings of the Special Commission of the Council.

72. Mr. EL GHOUAYEL (Observer for Tunisia), speaking on behalf of the Group of 77, said the Group hoped that the reservations expressed by some earlier speakers would in no way detract from the consensus on draft resolution E/1988/L.45/Rev.1 and the intentions expressed in respect of the reforms proposed. There was a contradiction between the stated desire of many delegations to reform the economic and social sectors of the United Nations and their declared aim of reducing the United Nations programme budget.

73. Referring to paragraph 2, section I, on policy formulation, he said that the Group of 77 was satisfied with subparagraph (*a*) (i), dealing with the annual general discussion, which it considered to be of great importance for the developing countries. Although it had accepted the use of the expression "major policy themes" in subparagraph (*a*) (ii), it found that term unclear and hoped that the Council and the General Assembly would at some stage define it.

74. Section II, on monitoring functions, was important, since it allowed the Council to fulfil the mandate set out in the Charter of the United Nations.

75. Section III, on operational activities, provided adequate assurance in subparagraph (*d*) (i) that the governing bodies of the organizations responsible for operational activities in the United Nations system would not exceed their mandates.

76. Section IV, on co-ordination, ensured clarity in inter-agency relations and the introduction of a spirit of constructive competition in the activities of the agencies in their respective sectors.

77. Section V on working methods and organization of work sought to enable the Council to balance its economic and social activities. The reports referred to in subparagraph (*f*) (iii) did not duplicate those of subsidiary bodies and would enable the Organization to make considerable savings, and reduce the quantity and improve the quality of documentation. Subparagraph (*g*) had been based on a recommendation of the Group of High-level Intergovernmental Experts; the Group of 77 wished thereby to give the Council the means of carrying out its functions without placing any further burden on the United Nations budget. Subparagraph (*i*) was important for the Group of 77, which was concerned about recruitment trends and redeployment in the Secretariat, which did not take adequate account of equitable geographical representation. Regarding subparagraphs (*k*) and (*l*), the Group of 77 was convinced that the Bureau and the President of the Council could play a role that would help to enhance the efficiency of the Council.

78. Mr. JØNCK (Denmark) said that it was his delegation's firm belief that one of the best ways to strengthen the role of the Council was to simplify and rationalize its structure, debates, documentation and secretariat support. While his delegation had no reservation on draft resolution E/1988/L.45/Rev.1, it considered that an opportunity had been missed for a genuine reform of the Council which would enable it to regain the political credibility it needed in international economic discussions. Rather than simplifying the work of the Council, the tendency was in the opposite direction. Most of the provisions of the resolution were a repetition of principles already adopted in earlier Council and General Assembly resolutions. The problem —which continued to exist even after the adoption of the resolution—was how to translate those principles into specific measures to serve the objective shared by all delegations. His delegation would have liked to see more specific proposals put forward for consideration and regretted that its amendments had not been taken into account.

79. The PRESIDENT said that, in the light of the adoption of draft resolution E/1988/L.45/Rev.1, he would take it that draft resolution E/1988/L.49 was withdrawn by its sponsors.

It was so decided.

80. The PRESIDENT said that, if there was no objection, he would take it that the Council wished to adopt draft decision E/1988/L.46.

The draft decision was adopted (decision 1988/182).

81. Mr. ROBERTSON (Australia) said that his delegation had been encouraged by the willingness displayed by members and observers of the Council to move forward the process of reform of the economic and social sectors of the United Nations. Reform was an urgent task to which his Government attached major importance. It was his delegation's profound hope that the process initiated in General Assembly resolution 41/213 would lead to overall improvements in the efficiency of the United Nations system at the earliest possible time.

82. His delegation's greatest regret was that the Council had been unable to provide the General Assembly at its forty-third session with suggestions concerning possible practical steps to follow up the work of the Special Commission to implement fully General Assembly resolution 41/213. One such step was the establishment of a high-level body based on the principle of equitable

geographical distribution and preferably with a limited membership. Unfortunately, no other practical suggestion had been made at the current session of the Council for a mechanism to carry forward the reform process, and he urged that that matter should be given full and careful consideration at the forty-third session of the General Assembly.

83. The PRESIDENT declared that the Council had thus concluded its consideration of agenda item 3.

AGENDA ITEM 1

Adoption of the agenda and other organizational matters (*continued*****)

84. The PRESIDENT recalled that the Council, on the recommendation of the Third (Programme and Co-ordination) Committee, had adopted (39th meeting, para. 25) resolution 1988/62, authorizing CPC to resume its twenty-eighth session from 6 to 19 September 1988 in order to consider items of the agenda still pending, as indicated in its report. On the basis of consultations, he understood that members considered it appropriate for the Council to hold a resumed session to consider the report of CPC.

85. He therefore wished to propose the following draft decision for consideration by the Council:

> "The Economic and Social Council decides to resume its second regular session of 1988 in order to consider the report of the Committee for Programme and Co-ordination on its resumed twenty-eighth session".

86. That proposal was made on the understanding that the resumed session of the Council would be held within existing resources, subject to established procedure, and from the allocation of meeting facilities allocated to the Second Committee of the General Assembly.

87. If there was no objection, he would take it that the Council wished to adopt the draft decision.

The draft decision was adopted (decision 1988/183).

Conclusion of work and suspension of the session

88. After an exchange of courtesies, the PRESIDENT declared the second regular session of 1988 of the Economic and Social Council suspended.

The meeting rose at 8.30 p.m.

**** *Idem.*

RESUMED SECOND REGULAR SESSION OF 1988

Summary record of the 42nd plenary meeting, held at Headquarters, New York, on 17 October 1988

42nd meeting

Monday, 17 October 1988, at 3.15 p.m.

President: Mr. Andrés AGUILAR (Venezuela)

E/1988/SR.42

AGENDA ITEM 17

International co-operation and co-ordination within the United Nations system (*concluded**)

1. The PRESIDENT drew the Council's attention to the report of CPC on its resumed twenty-eighth session (A/43/16 (Part II)), in particular to chapter II, section B, which dealt with the introduction to the medium-term plan for the period starting in 1992.

2. Mr. MURRAY (Chairman, Committee for Programme and Co-ordination) said that discussions in CPC had focused on whether or not the draft introduction to the medium-term plan (A/43/16 (Part II), chap. II, sect. B) adequately reflected the policy orientation and the priorities which Member States wished to ascribe to the role of the Organization in the next decade, and that the different perspectives were reflected in paragraphs 38 to 51. The Committee had also considered the proposal for a new structure of the medium-term plan, and had agreed that "the information available was not sufficient to enable it to reach a substantive conclusion" (para. 72). The sense of the discussion on the proposed new structure was contained in paragraphs 51 to 63. Finally, CPC had decided that, instead of beginning the next medium-term plan as scheduled in 1990, the existing plan should be extended for two years, and the next medium-term plan should cover the period 1992 to 1997 (para. 71).

3. The Committee's recommendation for the approval of the calendar of consultations was contained in paragraph 70. He stressed that approval of the calendar of consultations was only one step in the consultation process, and that consultations among Member States, intergovernmental bodies and the Secretariat must be characterized by a flow of information, views and comments.

4. Finally, he recommended the relevant part of the report of CPC for approval by the Council.

5. Mr. EL GHOUAYEL (Observer for Tunisia) pointed out that Council resolution 1988/77 of 29 July 1988 reaffirmed the powers and functions of the Council as they related to the programme budget and the medium-term plan, as well as to the priority-setting work of the United Nations. It was important to take note of and implement the relevant parts of that resolution, in particular paragraph 2 (*c*), which stated that the Council should examine in depth the relevant chapters of the proposed medium-term plan and sections of the proposed programme budget in the light of the recommendations of CPC.

6. Speaking on behalf of the Group of 77, he said that the economic and social activities of the United Nations were of special interest to the developing countries and should be treated just as seriously as other issues.

7. The PRESIDENT proposed the following draft decision for consideration by the Council:

> "The Economic and Social Council endorses the conclusions and recommendations of the Committee for Programme and Co-ordination on the question of the introduction to the medium-term plan for the period starting in 1992 and on the calendar of consultations on the medium-term plan for the period starting in 1992 as contained in paragraphs 67-73 of the report of the Committee on the work of its resumed twenty-eighth session (A/43/16 (Part II))."

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* Resumed from the 39th meeting.

8. If he heard no objection, he would take it that the Council wished to adopt the draft decision.

The draft decision was adopted (decision 1988/184).

9. The PRESIDENT said that the Council had concluded its examination of agenda item 17.

AGENDA ITEM 1

Adoption of the agenda and other organizational matters (*concluded*)

10. The PRESIDENT drew the Council's attention to the note by the Secretary-General on the Calendar of Conferences and Meetings (E/1988/L.54) concerning a request by CDP that its twenty-fifth session be held from 9 to 12 May 1989 instead of from 19 to 28 April 1989 as originally proposed. The note also mentioned Geneva as a possible venue instead of New York.

11. Mr. LICHTINGER (Observer for Mexico) asked why a change in the dates and venue of the 1989 session of CDP was being requested, since such a change would have financial implications.

12. Mr. AHMED (Under-Secretary-General for International Economic and Social Affairs) said that CDP had requested a change in the dates of its 1989 session because the original dates were inconvenient for a number of its members. Conference-servicing costs had been estimated for Geneva only for the purpose of indicating another option. As far as the Council was concerned, New York was the preferred venue.

13. Mr. JØNCK (Denmark) said that, since no request had been made to change the venue, the venue should remain the same, in short, New York. He asked whether any alternative dates could be proposed, which would not have financial implications. The implications of the Committee's request should have been made known to the Council at its second regular session of 1988.

14. Mr. EL GHOUAYEL (Observer for Tunisia) asked why the Secretariat had felt the need to provide cost estimates for holding the 1989 session of CDP in Geneva and wondered whether the provision of alternate sets of cost estimates would set a precedent.

15. Mr. PASHKEVICH (Byelorussian Soviet Socialist Republic) drew attention to paragraph 7 of the note by the Secretary-General (E/1988/L.54), in particular to the sentence which read, ". . . should the Economic and Social Council approve the change of dates for the twenty-fifth session of the Committee for Development Planning, no additional resources would be requested . . .". That seemed to contradict paragraph 6 of the same document, in which two sets of estimated costs had been provided. He agreed with the representative of Denmark that the 1989 session of CDP should be held in New York.

16. Mr. CAHILL (United States of America) likewise agreed that the session of CDP should be held in New York. Paragraph 4 of E/1988/L.54 indicated that a May session in New York would require the recruitment of temporary conference-servicing staff, which clearly meant that it would have a higher cost than an April session. He wished to know what that difference in cost was.

17. Mr. SHABAN (Egypt) said that paragraphs 4 and 7 of the note by the Secretary-General (E/1988/L.54) were contradictory. Paragraph 4 stated that temporary staff would have to be recruited to service meetings held in May, while paragraph 7 raised the possibility that temporary staff might not be required. The document should have provided specific information about the schedule of meetings in May 1989. Furthermore, while it was to be assumed that the costing of a New York session had been done on a full-cost basis, as was standard for statements of programme-budget implications, that did not mean that the Committee would necessarily utilize the full amount of the appropriation if other meetings were not scheduled at the same time.

18. Mr. GOPINATHAN (India) asked why the Secretariat had not submitted the request for a change in the date and venue of the CDP's twenty-fifth session to the Council at its second regular session of 1988.

19. Mr. RWAMBUYA (Programme Planning and Budgeting Division) said that no other date had been considered for the session since CDP had been quite specific in its choice of alternative dates. The costing of a Geneva session had been carried out by the Department of Conference Services when it had become apparent that a session could not be held in New York without entailing additional cost. However, the alternative venue had proved to be no less costly.

20. In recent years the Secretariat had prepared a provisional budget for conference services on the basis of the add-ons for the five previous years; the provisional budget was then approved by ACABQ and the General Assembly. If add-ons continued to be made at the rate of the five preceding years, there would be no need to ask for additional appropriations. However, costing of add-ons was done on a full-cost basis in order to give the Secretary-General adequate time to approach the General Assembly for additional resources if necessary. The current programme budget contained sufficient resources to hold the CDP session in April 1989; however, if the session was held later, additional costs would be involved. It had not been determined whether additional resources would actually be required from the programme budget to cover those costs. The Secretary-General merely wished at present to inform Council members of the financial implications of their decision.

21. The difference in cost between a May and an April session was the amount shown in E/1988/L.54, since the cost of holding the session on the dates originally scheduled was fully covered under the programme budget.

22. The programme budget implications of the CDP request had not been submitted to the Council at its second regular session of 1988 because a statement of those implications had not been drawn up at that time.

Once those implications had been ascertained, the Secretariat had deemed it appropriate to bring them to the Council's attention.

23. Mr. GRECU (Observer for Romania) noted that the proposed new dates covered a period less than half the duration of the period originally scheduled for the session.

24. Mr. SHAPOVALOV (Union of Soviet Socialist Republics) said that there appeared to be a consensus among Council members that the Committee should meet in New York. As for the programme budget implications of holding the session in May rather than in April, his delegation would be satisfied if a statement was prepared indicating that the holding of such session would have no financial implications.

25. Mr. MUNTASSER (Libyan Arab Jamahiriya) noted that Arabic was not listed in paragraph 6 of the Secretary-General's note (E/1988/L.54) as one of the languages of interpretation for the session.

26. Mr. AHMED (Under-Secretary-General for International Economic and Social Affairs) said that the change of date had been proposed because the date originally scheduled coincided with the Muslim month of Ramadan, which meant that a number of Committee members, including the Chairman, would be unable to attend the session.

27. The Committee was provided with interpretation services in languages requested by participants. If Arabic interpretation services were requested, they would be provided, although they had never been requested in the past. Naturally, the report of the Committee's session would appear in Arabic as well as all other official languages of the Organization.

28. The PRESIDENT said that, if he heard no objection, he would take it the Council approved the proposal to hold the twenty-fifth session of CDP in New York from 9 to 12 May 1989 instead of from 19 to 28 April 1989.

It was so decided (decision 1988/185).

Summary of estimates of programme budget implications of resolutions and decisions adopted by the Economic and Social Council in 1988

29. Mr. STOBY (Secretary of the Council) drew the attention of the Council to a report by the Secretary-General entitled "Summary of estimates of programme budget implications of resolutions and decisions adopted by the Economic and Social Council in 1988" (E/1988/119). The amounts shown in that document did not include estimated costs that would result from the Council's decision to change the dates of the twenty-fifth session of CDP. That decision increased the conference-servicing requirements for 1988-1989 from $5,471,100 to $5,507,300. The total cost for conference-servicing would increase to $6,390,300, and the grand total for resolutions and decisions of the Economic and Social Council would increase from $10,174,400 to $10,210,600.

30. The PRESIDENT said that, if he heard no objection, he would take it the Council wished to take note of the report of the Secretary-General (E/1988/119), as orally revised during the meeting.

It was so decided (decision 1988/186).

Closure of the session

31. The PRESIDENT said that the Council had concluded the work of its second regular session of 1988. The Council's work in 1988 should be viewed with some satisfaction. Particularly gratifying was the fact that the most important decisions taken during the year had been reached by consensus. It was hoped that the good will demonstrated at both sessions would prevail during the forty-third session of the General Assembly and lead in the coming year to a renewed commitment to multilateralism in international economic relations.

32. Given the rapid developments in the world economy in 1988, especially in the critical areas of debt and international economic policy co-ordination, the Council's general debate had been extremely useful as well as timely. The debate had elicited much agreement as to the major problems and, to a lesser extent, the direction to be followed in the search for solutions. The principal difference of opinion was that some developed countries interpreted current events as improvements, while developing countries perceived them as a worsening of the situation.

33. The commitment to multilateralism in the United Nations had grown further since the Council's second regular session of 1987 as the Organization became actively involved in the search for peaceful solutions to several regional conflicts and other difficult political problems. The Secretary-General's recent successes in that area were proof of the observation he made at the 18th meeting that global problems call for global solutions. Global solutions must also be found to the serious economic and social problems facing all countries. The development of developing countries must be revitalized and the diverse social and humanitarian problems confronting the contemporary world must be addressed. Environmental problems must also be tackled; while the Council had made progress in that area in 1988, further action was required.

34. The Council's tackling of urgent topical issues was a positive trend that should be encouraged. In addition, the adoption of a consensus resolution intended to improve the Council's work constituted a significant first step towards a revitalization of the Council that would enable it to fulfil its true role under the Charter of the United Nations.

35. The PRESIDENT declared the second regular session of 1988 of the Economic and Social Council closed.

The meeting rose at 4.30 p.m.

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